

II.4.10 Pantex Plant

II.4.10.1 Background

The Pantex Plant, located in Amarillo, Texas, provides the capabilities to assemble nuclear and nonnuclear components into nuclear weapons, to disassemble retired nuclear weapons, and to perform surveillance activities to ensure stockpile reliability and safety. The Pantex Plant has been operating as a nuclear weapons facility for 47 years.

As a Department of Energy facility, Pantex works in partnership with laboratories, universities and industry to enhance security of the nation. The Plant is devoted to leadership in applying the best integration of nuclear weapons assembly, disassembly, surveillance, modification, component testing and security; development, fabrication, and testing of chemical and high explosive components; interim storage of plutonium pits from dismantled weapons; evaluation, repair and retrofit of nuclear weapons; and nuclear weapons component demilitarization and sanitation.

II.4.10.2 History of Work Force Restructuring

With the end of the Cold War, Pantex converted from being the only nuclear weapons assembly plant to the only nuclear weapons disassembly plant in the United States. In April, 1996, in response to funding cutbacks of \$28 million over a two-year period, Pantex's first work force restructuring plan was created and implemented. Senior management immediately established external hiring controls, work force planning, and internal realignment/restructuring processes. Approximately 350 positions were eliminated in FY 1997 and FY 1998.

The specific goals of the work force planning and realignment processes are to retain critical skills, minimize involuntary layoffs, streamline the infrastructure, support weapons programs requirements, and support the Department's key initiatives.

As attrition occurs without replacement, senior management has taken the opportunity to collapse divisions, integrate departments, and reduce duplication of effort. As a result, the Plant is now operating with a leaner, more efficient structure.

II.4.10.3 Current Work Force Restructuring

No formal work force restructuring occurred during FY 1999. There were a total of 16 positions reduced through net attrition (Exhibit II.26).

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SITE: Pantex		FY 1999				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	16	\$0	\$0	\$0	\$0
1.1	Early Retirement					
1.2	Non-Retirement Voluntary Separations (Severance Only)					
1.3	Net Positions Reduced Through Attrition	16	\$0	\$0	\$0	\$0
2.0	Involuntary Separations (Severance Only)	0	\$0	\$0	\$0	\$0
2.1	With Benefits					
2.1.1	Non-construction workers					
2.1.2	Construction workers					
2.2	Without Benefits					
	Work Force Restructuring Separations and Costs -- Lines 1.0+2.0	16	\$0	\$0	\$0	\$0
3.0	Remaining Affected Workers		\$0	\$0	\$0	
3.1	Workers Placed without Retraining					
3.2	Workers Internally Placed through Retraining					
3.3	Transfers to Other Sites					
4.0	Other Benefits Provided		\$64,556	\$0	\$64,556	
4.1	Displaced Worker Medical Benefits	13	\$18,724	\$0	\$18,724	\$1,440
4.2	Relocation Assistance					
4.3	Separating or Separated Workers Using Outplacement					
4.4	Education Assistance for Separated Workers	32	\$45,832	\$0	\$45,832	\$1,432
5.0	TOTAL COSTS FOR FISCAL YEAR 1999	n/a	\$64,556	\$0	\$64,556	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs)	16	n/a	n/a	n/a	\$0
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a	\$0
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a	\$0
9.0	Other Separations	0	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated					
9.2	Involuntarily Separated					

Exhibit II.26 Pantex Work Force Restructuring Summary

Pantex continues realignment/restructuring efforts to enhance reduction of staff through attrition, facilitate the reassignment of employees in surplus positions, and maintain Pantex's critical skills. The process focuses on internal resolution of encumbered surplus positions, as well as creating appropriate mechanisms for productive utilization of employees in surplus positions until such time as they are successfully placed in funded vacancies. During FY 1999, 100 percent of the employees identified in surplus positions were reassigned and trained in funded openings.

In July 1999, cost estimates were calculated to determine the cost per employee for separation packages, should it become necessary to conduct a voluntary reduction-in-force. The cost was estimated at \$18,000 per employee, which was calculated using only the contractual lump sum payment for separation with no other incentive. By electing to utilize attrition management and internal work force realignment in lieu of reducing 69 employees, Pantex saved an estimated \$1.2 million in separation packages, not to mention avoiding the negative impact to morale caused by a reduction-in-force.

Outsourcing. An Integrated Supplier Program was implemented in FY 1999 that resulted in a cost savings of approximately \$875,000. Pantex electrical supplies are now outsourced to Nunn Electric Supply which maintains inventory and provides full staffing support for the entire stock of electrical supplies needed for continuous operations at Pantex.

Rehires. Since the Voluntary Incentive Separation Program (VSIP) offered in February, 1997, one guard has been rehired who initially accepted the VSIP. This rehire occurred during FY 1999.

II.4.10.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 1999 at Pantex was \$64,556; all of which was enhanced benefit cost (Exhibit II.26). The average cost of displaced worker medical benefits was \$1,440, and the average cost for education assistance for separated workers was \$1,432. The average savings in salary and benefits for the 16 positions reduced is \$1.2 million, at no cost to the Department of Energy.

II.4.10.5 Outplacement

There were no reductions in force at Pantex during FY 1999 other than attrition, therefore, outplacement services were not needed. However, outplacement services were included in the draft section 3161 Plan that was submitted to the Department of Energy July 28, 1999 as a contingency.

Preference-in-Hiring. All individuals separating between FY 1997 and FY 1999 did so voluntarily and were not eligible for preference-in-hiring at Pantex or other Department of Energy sites.

II.4.10.6 Future of the Site

Future work at Pantex, similar to other Department of Energy facilities, is dependent on funding. Pantex work on the Weapons Life Extension Program is considered essential and will continue for the next decade, but dismantlements could be reduced. There are projected population reductions at Pantex over the next three years. However, increases in projected workload for Weapons Life Extension Program activities, together with increased surveillance activities, will require Pantex to increase staff from FY 2003 through FY 2016. At that point, the workload will again level off for continued evaluation and maintenance of the stockpile. A potential START III treaty would also have an impact on long-term work at Pantex. Optimally, workload leveling could be implemented to maintain the expertise of critical personnel through perhaps the next two decades. The ratio of

Scientists and Engineers to Technicians may increase due to the changes in work requirements over time. Until further assignments and tasks are awarded, the work force will continue to serve in its current capacity, and as the workload increases or decreases, respective adjustments will be made.

II.4.10.7 Accomplishments and Lessons Learned

Accomplishments:

Since the initial reduction of funding in FY 1997, Pantex has successfully reduced staffing from 3,400 employees to the current level of 2,850 employees. Of these, 341 left as a result of the Voluntary Separation Incentive Program offered in FY 1997. The remaining 209 have been reduced through attrition management. For example, during FY 1999, twenty employees were identified in surplus positions. All 20 were successfully realigned and retrained into needed positions in the plant that were created through attrition vacancies.

Lessons Learned:

Job stability is an important issue. Highly skilled technical individuals such as those employed at Pantex are in great demand in today's employment market. The uncertainty of future funding impacts confidence in job stability resulting in the loss of critical skills at Pantex. Incentives to retain employees with critical skills are helpful, but cannot compete with a more secure position offered externally. A critical factor in job stability is to finalize long-range work requirements and funding.

II.4.11 Pinellas Plant

II.4.11.1 Background

The Pinellas Plant, located in Largo, Florida, manufactured neutron generators and other components from 1957 to 1994. In FY 1994, the Department of Energy initiated its weapons complex reconfiguration plan, which included termination of all defense programs activities at the Plant. The decision was announced to close the Plant and eliminate approximately 1,200 jobs by the end FY 1997. From FY 1994 through FY 1997, Pinellas placed the Plant in a safe condition, cleaned contaminated areas, and disposed of all site property, materials, equipment and records. The Department sold the Pinellas Plant to a local economic development agency in FY 1995.

The Pinellas work force restructuring effort was efficient and effective in transitioning the Pinellas Plant from weapons production to commercial use resulting in benefits to both the Department and the community. The Pinellas community no longer associates the Department of Energy with the Pinellas Plant. The Department has successfully concluded the work force restructuring, cleanup, and contract close-out activities at Pinellas.

II.4.11.2 Community Transition

In August 1993, the Pinellas Community formed a task force consisting of national, state, local, political, business, and special interest organizations who would be impacted by ending the Pinellas Plant mission. The task force developed the *Pinellas Plant Future Use Plan* proposing activities to develop non-defense uses for the technology and the work force to help mitigate the effects of phasing out the weapons mission at Pinellas. The original stakeholder structure evolved into the present CRO in 1994, and was recognized by the Department of Energy in January 1995.

As of September 30, 1999, a total of \$18 million has been committed to the CRO; all of which has been spent. A total of 2,562 jobs have been created or retained, with an additional 392 projected by the year 2003. Exhibit II.27 provides an allocation of job creation and funding statistics by six economic development categories at the site between FY 1993 and September 30, 1999.

The following information provides an update on the major accomplishments of selected projects funded by the CRO:

- C The Pinellas County Industrial Council (PCIC) has leased 360,000 square feet of the STAR Center to 21 tenants (95 percent occupancy). Negotiations are in progress for an additional 300,000 square feet of space . Almost one-quarter of

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FY 1993 through FY 1999					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Entrepreneurial Development	\$787.000	\$787.000	459	\$1.715	459
Financing Programs	\$579.700	\$579.700	15	\$38.647	15
Reuse of On Site Assets	\$15.906.000	\$15.906.000	1.963	\$8.103	2.355
Training	\$0	\$0	0	\$0	0
Land, Facilities, Research and Development Assistance	\$334.700	\$334.700	125	\$2.678	125
Planning / Program Management	\$459.900	\$427.400	0	\$0	0
Totals	\$18.067.300	\$18.034.800	2.562	\$7.039	2.954

Exhibit II.27 Pinellas Community Transition Funding and Job Creation

the tenants jobs have been filled by former Pinellas Plant employees. A total of 1,676 jobs have been created or retained as of March 1998.

- C The continued industrial use of the plant saves more than \$29 million by avoiding clean-up and support costs that would have been incurred under General Services Administration disposal. Construction has begun on the facade of the main building to provide elevators for multiple tenants and modernize the facility.
- C The University of South Florida Technology Deployment Center, in cooperation with the CRO, continued to fund High Technology Projects with STAR Center Businesses, thus maintaining and growing the engineering and development capabilities at the Pinellas STAR Center.
- C Building 1200 was sold to a developer and the land beneath and adjacent to that building was leased in order that a new 80,000 square feet could be constructed.
- C MEMS (microelectromechanical systems) program is underway. The program plans to develop the operation as a user facility to support prototyping and small volume production for universities and businesses in the area.

- C The Pinellas STAR Center has made a significant economic impact on the Tampa Bay Community. The 21 organizations (including PINELLAS STAR CENTER) had a total annual payroll of approximately \$40 million. These organizations also pay approximately \$20 million annually for goods and services from vendors in the community. In addition these organizations pay about \$250,000 in taxes to Pinellas County.
- C The Pinellas STAR Center received the *1999 Economic Development Program Silver Award* from the Council for Urban Economic Development in July 1999. The award recognized the STAR Center's successful transition from a DOE weapons plant to a commercially viable center supporting science, technology, and research.
- C Total matching funds, primarily from project income and tenant dollars for renovation and area preparation, is now approximately \$18 million from the inception of the project (3/95) to present.

Exhibit II.28 provides a summary of all projects funded between FY 1993 and September 30, 1999.

From FY 1993 through FY 1999					
Project Title	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Community Stakeholder Planning*	\$400,000	\$400,000	0	0	0
Innovation Commercialization Program (ICP)	\$587,000	\$587,000	450	\$1,304	450
Pinellas Plant Sale Transition	\$10,001,000	\$10,001,000	1,852	\$5,400	2,230
Pinellas Plant Seed Projects ¹	\$1,275,000	\$1,275,000	24	\$53,125	24
Pinellas Plant Spin-Offs	\$200,000	\$200,000	9	\$22,222	9
Seed/Challenge Funds ¹	\$579,700	\$579,700	15	\$38,647	15
Suncoast Manufacturing Technology Center (SMTC)	\$334,700	\$334,700	125	\$2,678	125
Technology Deployment Center ²	\$4,630,000	\$4,630,000	87	\$53,218	101
CRO Administration*	\$59,900	\$27,400	0	\$0	0
Totals	\$18,067,300	\$18,034,800	2,562	\$7,039	2,954

* Funds used for planning or administrative purposes. Job creation not intended.

Note. See Appendix G for footnote explanations.

Exhibit II.28 Pinellas Funding and Job Creation by Program

II.4.12 Portsmouth/Paducah Gaseous Diffusion Plants

II.4.12.1 Background

The Portsmouth Gaseous Diffusion Plant (Portsmouth), built in the 1950s, was needed to provide Uranium-235 at rates substantially above the existing production facilities at Oak Ridge, Tennessee, and Paducah, Kentucky. Portsmouth was chosen in the late 1970s as the site for a new enrichment facility utilizing gas centrifuge technology. Construction of the Gas Centrifuge Enrichment Plant began in 1979 but was halted in 1985 because the demand for enriched uranium decreased, and laser technology promised to be a more efficient and economical supply of enriched uranium for the future. The Highly Enriched Uranium operations were shut down beginning in 1991.

The Paducah Gaseous Diffusion Plant (PGDP) began production of enriched uranium in 1952. The plant's mission of uranium enrichment has remained unchanged, and the original facilities are still in operation, albeit with substantial upgrading and refurbishment.

The Energy Policy Act of 1992 mandated that the management of the uranium enrichment enterprise at Portsmouth and Paducah be assumed by the United States Enrichment Corporation (USEC). As a result, Department of Energy and USEC entered into a six-year lease effective July 1, 1993.

The USEC became a private corporation on July 28, 1998. The mission of USEC is to be recognized as the preferred, highest quality, lowest cost producer of enriched uranium. This mission is vital in developing and maintaining a sustainable competitive position in the world-wide uranium enrichment market and ensuring proper long-term use of land and facilities at Portsmouth and Paducah. As the sole producer of enriched uranium in the United States, USEC must compete with commercial and Government-owned enrichment plants on a global scale. Portsmouth and Paducah play an extremely important role in providing and maintaining a secure source of enriched uranium, which helps to ensure this nation's security and independence.

II.4.12.2 History of Work Force Restructuring

Work force restructuring at Portsmouth and Paducah began with comprehensive work force planning by USEC and the site contractor, Lockheed Martin Utility Services (LMUS). Portsmouth started work force restructuring with the voluntary separation of 49 employees in FY 1995 and an additional 40 employees in FY 1996. There were minimal restructuring activities in FY 1995 at Paducah and no restructuring activities in FY 1996.

In FY 1997, Portsmouth developed a Work Force Restructuring Plan for both Portsmouth and Paducah. The work force restructuring program and benefits paralleled those provided to LMES

employees under the Oak Ridge Work Force Restructuring Plan. In FY 1997, Portsmouth separated 104 employees; 37 voluntary and 67 involuntary. In FY 1997, Paducah separated 14 employees; 7 voluntary and 7 involuntary.

The Department of Energy and United States Enrichment Corporation entered into a memorandum of agreement (MOA) on June 30, 1998 relating to administration of worker transition services as part of the privatization agreement at the gaseous diffusion plants.

The MOA provides a voluntary incentive separation program and establishes a fund created by the transfer of \$20 million by USEC to an account in the U.S. Treasury to be administered by the Department to cover separation costs above those offered as part of USEC policy and to provide community transition assistance. The MOA covers the two years following the privatization decision, and worker separations during this period are limited to 500 positions.

A voluntary separation incentive program was offered in the summer of 1998 to employees at the gaseous diffusion plants at Portsmouth, Ohio and Paducah, Kentucky to achieve work force reductions consistent with the business needs of the USEC. Workers are employed by LMUS the operating contractor for USEC. A total of 257 workers participated in this program; including 145 workers at Portsmouth and 112 at Paducah. Of the separating workers, 178 are salaried employees and 79 are hourly workers. Most of these workers separated at the end of October, with a limited number of extensions to meet business needs. The success of this program assured that no involuntary separations will occur at the site during the current company fiscal year through June 30, 1999.

In FY 1998, there were 53 positions reduced at Portsmouth, including 40 enhanced nonretirement voluntary separations and 13 early retirements. There were no involuntary separations. In FY 1998, four employees at Paducah elected the voluntary enhanced separation program, which provided the opportunity for the transfer of employees from Portsmouth.

II.4.12.3 Current Work Force Restructuring

A voluntary separation incentive program was offered in the summer of 1999 to employees at the gaseous diffusion plants at Portsmouth and Paducah to achieve work force reductions consistent with the business of USEC. Workers who were employed by LMUS the operating contractor for USE, became USEC employees May 28, 1999. A total of 179 USEC workers participated in this program, 98 Portsmouth and 81 Paducah, and were separated July 31, 1999. An additional 62 positions were targeted at Portsmouth with a separation date of September 30, 1999. Of that total, 40 workers accepted the voluntary separation incentive program and the other 22 were placed in other positions within USEC. USEC has been successful in reassigning employees who were in positions that were no

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longer required for their business needs. In addition, training programs are being utilized to allow impacted workers to be retrained at the Plants. As a result, no involuntary separations occurred.

The total work force restructuring at Portsmouth in FY 1999 was 130 non-retirement voluntary separations (Exhibit II.29). The total work force restructuring at Paducah in FY 1999 was 77 non-retirement voluntary separations (Exhibit II.30).

	SITE: Portsmouth Gaseous Diffusion Plant (1)	FY 1999				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	130	\$0	\$3,670,160	\$3,670,160	\$28,232
1.1	Early Retirement					
1.2	Non-Retirement Voluntary Separations (Severance Only) (2)	130	\$0	\$3,670,160	\$3,670,160	\$28,232
1.3	Net Positions Reduced Through Attrition					
2.0	Involuntary Separations (Severance Only)	0	\$0	\$0	\$0	\$0
2.1	With Benefits					
2.1.1	Non-construction workers					
2.1.2	Construction workers					
2.2	Without Benefits					
	Work Force Restructuring Separations and Costs -- Lines 1.0+2.0	130	\$0	\$3,670,160	\$3,670,160	\$28,232
3.0	Remaining Affected Workers		\$0	\$0	\$0	
3.1	Workers Placed without Retraining					
3.2	Workers Internally Placed through Retraining					
3.3	Transfers to Other Sites					
4.0	Other Benefits Provided		\$0	\$0	\$0	
4.1	Displaced Worker Medical Benefits					
4.2	Relocation Assistance					
4.3	Separating or Separated Workers Using Outplacement					
4.4	Education Assistance for Separated Workers					
5.0	TOTAL COSTS FOR FISCAL YEAR 1999	n/a	\$0	\$3,670,160	\$3,670,160	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs)	130	n/a	n/a	n/a	\$31,711
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	130	n/a	n/a	n/a	\$31,711
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a	\$0
9.0	Other Separations	0	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated					
9.2	Involuntarily Separated					

Note 1. Site headcount not included in total DOE headcount since privatization.

Note 2. Funding from an account established under Memorandum of Agreement between the Department and USEC; managed by WT.

Exhibit II.29 Portsmouth Work Force Restructuring Summary

Outsourcing. There has been no outsourcing at Portsmouth or Paducah during FY 1999.

Rehires. There were no rehires at Portsmouth or Paducah during FY 1999.

Privatization. The USEC became a private corporation on July 28, 1998. On May 28, 1999, LMUS employees became USEC employees. USEC no longer has LMUS as their operating contractor. Currently, approximately 3,900 workers are employed at the gaseous diffusion plants

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SITE: Paducah Gaseous Diffusion Plant (1)		FY 1999			
		Workers	Enhanced Costs	Program Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	77	\$0	\$2,173,864	\$28,232
1.1	Early Retirement				
1.2	Non-Retirement Voluntary Separations (Severance Only) (2)	77	\$0	\$2,173,864	\$28,232
1.3	Net Positions Reduced Through Attrition				
2.0	Involuntary Separations (Severance Only)	0	\$0	\$0	\$0
2.1	With Benefits				
2.1.1	Non-construction workers				
2.1.2	Construction workers				
2.2	Without Benefits				
	Work Force Restructuring Separations and Costs -- Lines 1.0+2.0	77	\$0	\$2,173,864	\$28,232
3.0	Remaining Affected Workers		\$0	\$0	\$0
3.1	Workers Placed without Retraining				
3.2	Workers Internally Placed through Retraining				
3.3	Transfers to Other Sites				
4.0	Other Benefits Provided		\$0	\$0	\$0
4.1	Displaced Worker Medical Benefits				
4.2	Relocation Assistance				
4.3	Separating or Separated Workers Using Outplacement				
4.4	Education Assistance for Separated Workers				
5.0	TOTAL COSTS FOR FISCAL YEAR 1999	n/a	\$0	\$2,173,864	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs)	77	n/a	n/a	\$31,711
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	77	n/a	n/a	\$31,711
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	\$0
9.0	Other Separations	0	\$0	\$0	\$0
9.1	Voluntarily Separated				
9.2	Involuntarily Separated				

Note 1. Site headcount not included in total DOE headcount since privatization.

Note 2. Funding from an account established under Memorandum of Agreement between the Department and USEC; managed by WT.

Exhibit II.30 Paducah Work Force Restructuring Summary

(GDP), approximately 2,125 at Portsmouth and 1,775 at Paducah. As of September 30, 1999, DOE is currently funding work activities covering approximately 640 to 740 of these workers, including overhead staff.

II.4.12.4 Costs and Cost Savings

Portsmouth. The total cost of work force restructuring at Portsmouth in FY 1999, was \$3.7 million, all of which was program cost (Exhibit II.29). The average fully-burdened cost of non-retirement voluntary separations was \$31,700. The average savings in salary and benefits for the 130 positions reduced is \$9.6 million, for a one-time severance cost of \$3.7 million.

Paducah. The total cost of work force restructuring at Paducah in FY 1999, was \$2.2 million, all of which was program cost (Exhibit II.30). The average fully-burdened cost of non-retirement voluntary separations was \$31,700. The average savings in salary and benefits for the 77 positions reduced is \$5.7 million, for a one-time severance cost of \$2.2 million.

II.4.12.5 Outplacement

A contractor-operated career center will function on a limited basis in conjunction with the general notification of the need for work force restructuring at Portsmouth. Outplacement services will be provided by a contracted vendor. The purpose of the career center is to assist displaced workers in developing career plans, executing job searches, and looking for retraining and employment opportunities. The career center will provide services such as aptitude and skills assessments, job analysis (present and future), information on job demand and supply, wage information and access to school, training, and unemployment information. Other services provided by the career center include assistance in preparing resumes and cover letters, filling requests for training records and transcripts, reproducing and transmitting materials and providing other job search assistance. A library of resource materials is located at the career center. A USEC-operated outplacement center was also established at Paducah.

Preference-in-Hiring. Preference-in-hiring is provided at Portsmouth and Paducah to the extent practicable and reasonable with the respect to budget restraints, contractual provisions, and other qualifications. There were no individuals hired in FY 1999 through preference-in-hiring.

II.4.12.6 Community Transition

Portsmouth. The Southern Ohio Diversification Initiative (SODI) was established in August 1995 to serve as the CRO for the DOE Portsmouth, Ohio site. Prior to incorporation of SODI, a \$500,000 planning grant was awarded to the Ohio Valley Regional Development Commission (OVRDC) for community transition activities. The SODI operated under the auspices of the OVRDC from February 1996 until DOE implementation funds were awarded in 1998.

As of September 30, 1999, a total of \$7 million had been committed to the CRO for implementation of community transition projects; \$5.3 million of which has been spent. A total of 375 jobs have been created or retained with an additional 444 projected by 2003. Exhibit II.31 provides an allocation of job creation and funding strategies by six economic development categories at the site between FY 1993 and September 30, 1999.

FY 1993 through FY 1999					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Entrepreneurial Development¹	\$600,000	\$40,000	0	\$0	115
Financing Programs	\$0	\$0	0	\$0	0
Reuse of On Site Assets²	\$0	\$0	15	\$0	38
Training	\$0	\$0	0	\$0	0
Land, Facilities, Research and Development Assistance	\$5,174,996	\$4,457,027	300	\$14,857	604
Planning / Program Management	\$1,225,004	\$778,640	60	\$12,977	62
Totals	\$7,000,000	\$5,275,667	375	\$14,068	819

Note. See Appendix G for footnote explanations.

Exhibit II.31 Portsmouth Community Transition Funding and Job Creation

Highlights and major accomplishments of the SODI to date are as follows:

- C The Zahn's Corner Industrial Park has received matching funding from the local government, the State of Ohio, EDA, and the Appalachian Regional Commission. Currently, more than 300 acres has been purchased, security fences have been installed, and preliminary engineering is in the works. The new tenant on site is Mills Pride LLC. The Mills Pride project includes the construction of a 1,000,000-square-foot distribution facility, a \$57 million private investment, and creation of 150 jobs. Mills Pride LLC announced that the company will option to buy an additional 40 acres at the Zahn's Corner Industrial Park.
- C The New Boston Industrial Park project began in the first quarter of FY 1999. The soil removal portion of the project has been completed five months ahead of schedule. The funding allocated to this project from the Department of Energy was \$696,000. The activities included, but were not limited to: the installation and certification of an on-site scale; the load-out of 6,108.41 tons of PCB-contaminated materials; and subsequent verification sampling.

- C The second phase of the New Boston Industrial Park was started. The old Detroit Steel Mill building has been completely renovated and a new tenant, Shelton Industries, has moved operation to New Boston creating 150 new jobs.
- C The Enterprise Training and Development Program is currently being introduced to the public. The goal of the program is to expand jobs in the four-county impact areas by creating new local business and expanding existing businesses. The Community Action Committee has closed the first deal assisting downsized workers at the Portsmouth Gaseous Diffusion Plant. The worker is starting his own business in the four-county region that SODI represents.
- C The Pike County Airport Fuel Project has been completed. The Pike County Airport looks forward to extending the runway as part of the next phase of the project. The fuel facility has allowed for additional use of the airport and is a valuable asset to the community and businesses in the four-county region.
- C The Regional Geographic Information System (GIS) for the four-county region is part of the region's economic development infrastructure. One of its primary purposes is to effectively and efficiently determine potential industrial or commercial sites, and to provide easily accessible information on these sites. The GIS is assisting the counties and communities in planning for future growth and maintaining a competitive edge while attracting industry, commerce, and jobs.
- C SODI has formed the Reindustrialization Committee. DOE-Portsmouth personnel participate as active partners in advisory capacities in this committee. Several requests, for land and personal property are being reviewed by the DOE Site Office.
- C SODI has secured funding from the State of Ohio to assist in the marketing phase of the comprehensive reuse plan involving the utilization of underdeveloped assets at Portsmouth.
- C SODI has begun to investigate the region for the types of businesses that can benefit from the underutilized property in the region. Funding was acquired from the State of Ohio, Department of Development.
- C SODI continues to assist the DOE Site Office in planning the depleted uranium conversion plant which will result in 300 new jobs in the region.
- C Along with 18 other agencies, SODI participated in the donation of DOE and Bechtel Jacobs computers to the educational and non-profit organizations in the SODI region. The donation resulted in \$45,000 in savings to DOE and Bechtel Jacobs.

- C SODI has reused DOE assets by finalizing a sublease of land leased from Portsmouth. Mead Paper Company and an Atlanta, Georgia based company will utilize the land and rail facilities owned by DOE. Mead has created 15 full-time jobs and has invested \$3 million of private capital into the project. The project will increase production 40 percent and increase the use of rail 300 percent.
- C SODI has highlighted worker opportunity by inserting language into agreements to ensure notification of newly created positions at all SODI projects. A database has been developed to assist the tracking of displaced workers from the DOE Site. While participation in this program is voluntary, workers submitting information for inclusion will benefit as the program provides better coordination with the displaced worker.

Exhibit II.32 provides a summary of all projects funded between FY 1993 and September 30, 1999.

From FY 1993 through FY 1999					
Project Title	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Zahn's Corner Industrial Park	\$1,995,000	\$1,837,055	150	\$12,247	304
New Boston Industrial Park	\$1,800,000	\$1,750,000	150	\$11,667	300
Incubator Study*	\$35,000	\$35,000	0	\$0	0
Enterprise Training and Development ¹	\$600,000	\$40,000	0	\$0	100
Pike County Airport Fuel ²	\$80,000	\$80,000	0	\$0	15
Regional GIS*	\$1,299,996	\$789,972	0	\$0	0
Mead Sublease from DOE ³	\$0	\$0	15	\$0	38
OVRDC CT Planning Grant	\$500,000	\$500,000	60	\$8,333	62
Implementation*	\$690,004	\$243,640	0	\$0	0
Totals	\$7,000,000	\$5,275,667	375	\$14,068	819

* Funds used for planning or administrative purposes. Job creation not intended.

Note. See Appendix G for footnote explanations.

Exhibit II.32 Portsmouth Funding and Job Creation by Program

Paducah. The Paducah-Area Community Reuse Organization (PACRO) was established in August of 1997 in order to mitigate the affect of DOE restructuring at the Paducah Gaseous Diffusion Plant in Paducah, Kentucky. The PACRO impact area was designed to represent the counties in which the

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majority of the PGDP work force live and includes McCracken, Ballard, Graves, and Marshall Counties in western Kentucky and Massac County in Southern Illinois.

The PACRO is governed by a twenty-six member Executive Committee representing such areas as business, labor, education, and economic development within the counties of impact. Advising the Executive Committee is a General Assembly of approximately sixty members who participate on various PACRO subcommittees. Also in the PACRO hierarchy is a ten-member Finance Committee from the membership of the Executive Committee that meets monthly to approve all matters of finance.

As of September 30, 1999, a total of \$400,000 has been committed to the CRO; \$345,592 of which has been spent. Exhibit II.33 provides an allocation of job creation and funding statistics by six economic development categories at the site between FY 1993 and September 30, 1999.

FY 1993 through FY 1999					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Entrepreneurial Development	\$0	\$0	0	\$0	0
Financing Programs	\$0	\$0	0	\$0	0
Reuse of On Site Assets	\$0	\$0	0	\$0	0
Training	\$0	\$0	0	\$0	0
Land, Facilities, Research and Development Assistance	\$0	\$0	0	\$0	0
Planning / Program Management	\$400,000	\$345,592	0	\$0	0
Totals	\$400,000	\$345,592	0	\$0	0

Exhibit II.33 Paducah Community Transition Funding and Job Creation

The following information provides an update on the recent activities of the PACRO:

- C The PACRO and the Paper, Allied Industrial, Chemical and Energy Workers Union (PACE) developed language to be inserted into any PGDP on-site lease.
- C The PACRO developed language to be inserted into any off-site industrial park sub-grant addressing notification of the PGDP work force of job creation.

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- C The PACRO, PACE, and United Plant Guard Workers of America (UPGWA) developed a Workforce Skills Assessment Survey and Database that will be maintained by PACE.
- C The PACRO, PACE, and UPGWA were invited to be presenters at a Labor/CRO Directors Workshop in Las Vegas, Nevada in September of 1999.
- C The PACRO wrote a Community Transition Plan that was funded by DOE in the amount of \$6,000,000. This three-year program includes the following projects: an Entrepreneurship Development Program and Innovative Capital Fund; an Existing Business Industry Retention and Expansion Program; an Area Training and Delivery Enhancement Program; a Local and Regional Prepared Industrial Sites, Parks, and Speculative Buildings Development Program; a Regional Marketing Program; and a Facility Reuse Program.

Exhibit II.34 reflects Department of Energy Planning Grant funds allocated to and expended by the PACRO through September 30, 1999.

From FY 1993 through FY 1999					
Project Title	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
FY 1998 Planning Grant*	\$400,000	\$345,592	0	\$0	0
Totals	\$400,000	\$345,592	0	\$0	0

* Funds used for planning or administrative purposes. Job creation not intended.

Exhibit II.34 Paducah Funding and Job Creation by Program

II.4.12.7 Future of the Site

Completion of the Highly Enriched Uranium Suspension and Refeed Program will result in a reduction of additional employees who can not be absorbed into LMUS. These reductions are anticipated at Portsmouth and will be accomplished under the provisions of the existing work force restructuring plan and the signed memorandum of agreement.

II.4.12.8 Accomplishments and Lessons Learned

- C On April 1, 1998, the DOE and SODI finalized lease arrangements on a section of vacant land on the reservation. SODI subsequently negotiated a sublease arrangement with the Mead Paper Company for a portion of the land. Also, SODI worked with DOE, USEC, and LMUS to obtain usage of existing rail track for the Mead Company. Currently, the Mead Paper Company is constructing a Merchandising Facility and Woodlands Roadcrew Operations Center at the site. There are 15 employees at the facility with potential expansion to an estimated 40 FTEs. The total private investment by the Mead Paper Company to date is estimated at \$3 million.
- C The Zahn's Corner Project, one of SODI's priority off-site projects, is beginning to develop into a premier industrial park with the recent activities at the site. The Mill's Pride Company is currently constructing a 1,000,000-square-foot warehouse and distribution center. This first development in the Zahn's Corner Industrial Park will create a minimum guaranteed 150 full-time jobs and represents a private investment of \$57 million.
- C Ongoing communication between USEC, LMES, and Department of Energy Field management has been improved and maintained.
- C The Office of Worker and Community Transition has approved use of funds available under a USEC/DOE agreement to defray a portion of training costs for operator positions. This training could allow as many as 15 protective force employees, who would otherwise have been separated to remain employed at Portsmouth.
- C The New Boston Industrial Park, one of SODI's four industrial parks, has completed the renovation of an old Detroit Steel Mill Building and has attracted a new tenant, Shelton Industries, which will create 150 new jobs in the region.

II.4.13 Richland Site

II.4.13.1 Background

The Hanford Site, located in southeastern Washington State, was selected in January 1943 to build/operate the first full-scale plutonium production plants in the world. The first three plutonium production reactors were built along the banks of the Columbia River. Hanford's mission was to produce plutonium for a new weapon that would bring a swift end to World War II.

Government demand for plutonium continued after World War II. By 1964, nine plutonium production reactors were operating at Hanford. The Hanford Site also housed facilities for the entire nuclear cycle, including fuel fabrication, chemical processing, waste management, and research. Peak production began to slow down in 1965 and Hanford began to diversify. Eight of the nine production reactors were closed between 1964 and 1971. Only N Reactor, with the dual purpose of plutonium and electricity production, remained in operation. N Reactor was placed in cold standby in February 1988. In 1991, the Department announced that N Reactor would be permanently shut down.

As a result of 40 years of plutonium production, many areas within the site's boundaries are contaminated by chemical and radioactive wastes. The Hanford Site is engaged in a massive environmental cleanup and restoration project to deal with accumulated radioactive and chemical wastes. Hanford, along with other Department of Energy sites, has developed a 10-year plan for accelerated cleanup. Today, Hanford is one of the largest environmental restoration efforts in the world.

An important parallel mission to environmental cleanup is the development and deployment of new technologies; particularly those that will directly benefit environmental cleanup. This work is accomplished through the Pacific Northwest National Laboratory located at Hanford.

On October 1, 1996, the new Project Hanford Management Contract (PHMC) went into effect with Fluor Hanford, Inc. (formerly Fluor Daniel Hanford) as the management and integration (M&I) contractor leading a team of subcontractors in operating the Hanford Site. This performance-based contract is a radically new way of doing business and represents a major change from the management and operations (M&O) contracts of the past. The contract is unique to the government in that 100 percent of the fee is at risk in the performance-based agreement.

II.4.13.2 History of Work Force Restructuring

Restructuring of the Hanford contractor work force began after FY 1994 when site employment, fueled by an environmental restoration and waste management mission, reached a peak of 16,952 prime contractor employees. In FY 1995 and FY 1996, 6,767 contractor employees were separated; 69 percent were voluntary, and 31 percent were involuntary.

Hanford issued its first notice of work force restructuring in February 1994. Between 500 to 1,000 jobs were to be eliminated due to cost-effectiveness and efficiency initiatives. Over the next year, Hanford's estimate of needed reductions was revised upward to nearly 4,800 positions as a consequence of budget reductions, as well as cost and management efficiency initiatives. These reductions were to occur during FY 1995 and FY 1996. Hanford's first Workforce Restructuring Plan, detailing the process by which the reductions would be managed, was approved and implemented in February 1995.

The site's first separation program, an enhanced retirement program, was offered to employees in October 1994. The program resulted in over 800 employees leaving the work force by the end of December 1994. This program was soon followed with a voluntary reduction of force and an involuntary reduction of force in early 1995, impacting another 743 employees. By midyear, more separation programs were in place, including the first large-scale involuntary reduction of force. Consequently, by the end of FY 1995, job reductions totaled over 4,500 contractor employees. In addition, large reductions were made to the temporary and intermittent work force.

In January 1996, the Department announced the need to reduce the work force by an additional 300 to 500 employees. Reductions continued through FY 1996 as a follow-on to the January announcement and also to posture for the transition to a new contracting strategy for Hanford's largest prime contract. The new M&I contract was not expected to employ as many workers as were required under the existing M&O contract. Accordingly, total separations, including attrition, resulted in over 2,200 reductions in FY 1996.

The site experienced actual reductions in FY 1997 of 769 principal contractor and enterprise company positions due, mostly, to a higher-than-expected rate of attrition. Forty-four percent of all reductions were accomplished through voluntary separations, with 56 percent as a result of involuntary reductions.

Total FY 1997 separations included 250 employees who were separated from enterprise companies. Of these separations, 140 were through attrition with no benefits, and 110 were involuntary separations. When employees were transferred to the enterprise companies, they received a two-year commitment to receive full severance benefits based on their previous employment with the prime contractor if they were involuntarily terminated within two years of transferring to the enterprise

company. The two-year commitment was scheduled to end October 1, 1998. However, an extension of those benefits through January 1, 2000, was authorized. Because these individuals are not considered prime contractor employees, the involuntary reduction was not included in the site-wide reduction-in-force notice.

In FY 1998, there were 407 involuntary separations. Of those separating, 328 received separation benefits, including 99 construction workers. There were 79 involuntary separations without any benefits.

II.4.13.3 Current Work Force Restructuring

Work force restructuring activities during FY 1999 at the Hanford Site have continued as work scope adjustments rather than layoffs. In FY 1999, there were 92 separations, including 32 positions reduced through net attrition and 60 involuntary separations (Exhibit II.35). Of the involuntary separations, all but nine received benefits. In addition to the separations, 207 workers were internally placed without retraining and 40 workers transferred to other Department of Energy sites.

A second DOE Field Office was set up in Richland and one of the PHMC major subcontractor's work scope and associated staff was identified to move from the PHMC to prime contractor status with the DOE Office of River Protection. Although this action was formally effective October 1, 1999, many actions to facilitate this change began to occur during the last quarter of the year.

Additionally, the PHMC took on the major task of restructuring its staff and that of its subcontractors in conjunction with DOE-RL's reorganization. This caused the PHMC to delay filling open jobs to ensure placement of staff that might require reassignment as more resources were moved directly into the various PHMC Projects.

The PHMC developed a Worker Transition Plan that identified actions to prepare workers to be competitive for new jobs at the site as well as commercial jobs in the community. These actions were planned to mitigate the need for involuntary layoffs. This plan called for a pilot group of employees likely to be affected by work scope changes that would be assessed for skills, abilities and aptitudes. Several groups were identified and provided an opportunity to voluntarily be assessed. Only one group took advantage of the opportunity to be assessed by an organization partnering with Fluor Hanford, Inc. and Columbia Basin College. Results appear promising and evaluation of the process and results will continue into FY 2000.

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SITE: Richland		FY 1999				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	32	\$0	\$0	\$0	\$0
1.1	Early Retirement					
1.2	Non-Retirement Voluntary Separations (Severance Only)					
1.3	Net Positions Reduced Through Attrition	32	\$0	\$0	\$0	\$0
2.0	Involuntary Separations (Severance Only)	60	\$68,323	\$754,168	\$822,491	\$13,708
2.1	With Benefits	51	\$68,323	\$754,168	\$822,491	\$16,127
2.1.1	Non-construction workers	46	\$68,323	\$754,168	\$822,491	\$17,880
2.1.2	Construction workers	5	\$0	\$0	\$0	\$0
2.2	Without Benefits	9	\$0	\$0	\$0	\$0
	Work Force Restructuring Separations and Costs -- Lines 1.0+2.0	92	\$68,323	\$754,168	\$822,491	\$8,940
3.0	Remaining Affected Workers		\$0	\$0	\$0	
3.1	Workers Placed without Retraining	207	\$0	\$0	\$0	\$0
3.2	Workers Internally Placed through Retraining					
3.3	Transfers to Other Sites	40	\$0	\$0	\$0	\$0
4.0	Other Benefits Provided		\$176,039	\$300,200	\$476,239	
4.1	Displaced Worker Medical Benefits	69	\$0	\$199,500	\$199,500	\$2,891
4.2	Relocation Assistance					
4.3	Separating or Separated Workers Using Outplacement	68	\$0	\$100,700	\$100,700	\$1,481
4.4	Education Assistance for Separated Workers	96	\$176,039	\$0	\$176,039	\$1,834
5.0	TOTAL COSTS FOR FISCAL YEAR 1999	n/a	\$244,362	\$1,054,368	\$1,298,730	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs)	92	n/a	n/a	n/a	\$10,869
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a	\$0
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	51	n/a	n/a	n/a	\$19,606
9.0	Other Separations	0	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated					
9.2	Involuntarily Separated					

Exhibit II.35 Richland Work Force Restructuring Summary

Outsourcing. There were no positions reduced through outsourcing in FY 1999.

Rehires. There were ten employees rehired by PNNL in FY 1999. There were also 40 employees who were previously laid off and rehired by the PHMC during FY 1999. Many of these had preference-in-hiring status. The PHMC practice is to give priority consideration to anyone previously laid off by one of the predecessor companies.

II.4.13.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 1999 at Richland was \$1.3 million; with \$1 million in program cost and \$244,000 in enhanced benefit cost (Exhibit II.35). The average estimated fully-burdened cost per involuntary separation was \$19,600. The average cost of displaced worker medical benefits was \$2,891, the average cost of outplacement was \$1,481, and the average

cost of education assistance was \$1,834. The average savings in salary and benefits for the 92 positions reduced was \$6.8 million, for a one-time severance cost of \$822,000.

II.4.13.5 Outplacement

The 1995 Hanford Workforce Restructuring Plan requires outplacement services to be provided to employees who were involuntarily laid off and to those who were approved for the voluntary reduction of force.

In April 1995, Westinghouse Hanford Company, Boeing Computer Services, and ICF Kaiser partnered with the Private Industry Council and Columbia Basin College to establish the Re-Employment Opportunity Center (ROC) in order to mitigate the social and economic impacts of workforce restructuring on the community. A short time later, ROC partners were joined by other Hanford contractors, the Washington Public Power Supply System, and United Way. During its first year, the ROC served nearly 2,000 employees who made more than 20,000 visits.

The ROC provides resources that help clients transition to other jobs and/or pursue additional education and training. Partners contribute a wide variety of resources, including: computers with industry standard software packages; computer skills training courses; microfiche with employment advertisements from 64 major cities; newspapers, magazines and trade journals; Internet stations, faxes and phones; counselors who assist clients in developing and implementing job search strategies; and access to the Job Opportunity Bulletin Board Service.

Inclusion of United Way has provided a much-needed service to employees and their families. Families are typically overlooked in the reduction process and yet they play an important role in an employee's well being. The ROC has served as a model for the Washington State One Stop concept, and continues to provide an effective service in the face of severe cutbacks of Hanford contractor staff.

At mid-year FY 1999, the half-time person representing the PHMC at the ROC was replaced by a contractor hired by Fluor Hanford, Inc. Both Bechtel Hanford, Inc. and Fluor Hanford, Inc. provided equal shares in support of this person. This action was taken in response to the mid-year recognition that few employees would be laid off and the previously laid off customer base had dwindled to almost nothing. This arrangement has worked well as a transition to Washington State's One Stop Program, which was planned to provide individual's full service from state and local agencies including the Washington State Employment Security Department.

Preference-in-Hiring. Each contractor at the Hanford Site has developed its own strategy for complying with preference-in-hiring requirements. In FY 1999, two individuals were rehired at PNNL who were preference-eligible. The PHMC rehired 40 people who had been previously laid off

involuntarily. The PHMC has placed emphasis on candidates who were previously laid off at Hanford rather than just those who indicate “preference-in-hiring.” This approach was elected because of the many company changes that have made it difficult for prior employees to understand where their required annual notifications should be sent.

II.4.13.6 Community Transition

In May 1994, the economic development organizations surrounding the Hanford Site designated the Tri-City Industrial Development Council (TRIDEC) as the Hanford Community Reuse Organization (CRO). TRIDEC functions as a mechanism to evaluate and recommend proposals leading to the creation and retention of high-value jobs, reviews and makes recommendations regarding prioritization of Hanford resources to be transferred to the community, and serves as a communication link between the site and other interests or organizations.

As of September 30, 1999, a total of \$24.3 million has been committed to the CRO; \$17.7 million of which has been spent. A total of 1,888 jobs have been created or retained, with an additional 2,562 projected by the year 2003. Exhibit II.36 provides an allocation of job creation and funding statistics by six economic development categories at the site between FY 1993 and September 30, 1999.

FY 1993 through FY 1999					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Entrepreneurial Development	\$3,391,525	\$2,599,301	631	\$4,119	765
Financing Programs	\$2,805,000	\$2,777,985	73	\$38,055	210
Reuse of On Site Assets	\$4,476,971	\$3,404,833	64	\$53,201	850
Training	\$650,000	\$221,478	250	\$886	250
Land, Facilities, Research and Development Assistance*	\$6,995,656	\$6,081,313	73	\$83,306	1,075
Planning / Program Management	\$5,944,590	\$2,631,999	797	\$3,302	1,300
Totals	\$24,263,742	\$17,716,909	1,888	\$9,384	4,450

*This category includes Infrastructure Projects detailed in the accompanying site narrative.

Exhibit II.36 Richland Community Transition Funding and Job Creation

The following information provides an update of the major accomplishments of selected projects funded by the CRO:

- C *TRIDEC's Marketing Program* - The project continued its targeted proactive recruitment campaign during the past 12 months. In these targeted areas, the CRO is currently assisting 30 companies with their siting decision process, including hosting more than 30 community site visits. Additionally, the CRO supplied relocation information and assistance to clients working with surrounding cities, ports, counties and private businesses. Companies that have relocated or expanded their operations in the Tri-Cities have created 598 jobs.
- C *Pacific Northwest National Laboratory Technical Assistance Program*- Funding has been allocated to provide technical assistance that has enhanced product development to 199 firms. This project has created 51 jobs to date.
- C *Pacific Northwest National Laboratory Entrepreneurial Leave of Absence Program* -This program has recently sunset. This project has submitted a request to the CRO for more funding in FY 2000. The request has been forwarded to DOE-HQ and is awaiting a funding decision.
- C *Tri-Cities Visitor & Convention Bureau Tourism Marketing & Development* - This program has generated \$9.2 million in direct economic impact, and sustained or created 185 jobs through new visitor spending. This program is comprised of three targeted areas of proven economic impact: Motorcoach Marketing, Sports Marketing, and Media Outreach.
- C *Applied Process Engineering Laboratory* - The preliminary design, audit, and engineering report has been completed. The lab is in the final stages of being fully permitted. Six tenants occupy the facility for a total of 71 occupants. Sixteen jobs have been created to date as a result of this project.
- C *Medical Isotopes* - The Nuclear Medicine Strategic Plan for the Tri-Cities was completed last year. The results of the Plan are very promising for therapeutic nuclear medicine and for developing related industries in the Tri-Cities. The program is utilizing the remaining \$70,000 from their first grant to hire an executive director and was also recently awarded an additional \$200,000 to conduct clinical trials. This project is initially expected to create 16 jobs for the Tri-Cities.
- C *Reindustrialization* - The reindustrialization pilot at the Hanford Site was initiated in the early spring of 1999. Although to date the creation of jobs has not been realized, there has been significant progress made with regard to understanding reindustrialization and what is required

at Hanford for it to work. Hanford has a unique situation in that it's past dictates a very focused area of availability due to the types of facilities and past operations.

This program has received a total of \$1.5 million to date. The amount of \$150,000 established Community Reuse Organization Business Systems, which included establishing accounting systems, conducting client interface and negotiations, and lease and sublease preparation. The amount of \$1 million was available for assets preparation and facility upgrades to previously transferred property, such as the equipment transferred to Durmetal and Bell Haven, as well as a \$116,500 loan to the Port of Benton to upgrade facilities transferred to them by DOE-RL in 1998. \$80,000 was obligated to the Oak Ridge contractor (BJC) currently administering the Reindustrialization effort for the Oak Ridge Operations Office. The identified funding allows for technical support (i.e. travel and salaries) from the Oak Ridge contractor. In addition, funding is earmarked for use when the generation of a risk assessment is required in the event a facility is considered for lease. The amount of \$170,000 was obligated to Fluor Hanford, Inc. for the development of required characterization of facilities, and \$100,000 was obligated to a contractor in order that decision-making tools for the application of the reindustrialization model at the Hanford Site is well documented and programmatic impacts considered for long-range planning purposes.

Exhibit II.37 on the following page provides a summary of all projects funded between FY 1993 and September 30, 1999.

II.4.13.7 Future of the Site

Future work force restructuring cannot be determined at this time. Project Hanford's future holds the promise of additional success. Building on progress in all areas, there will be significant movement in the Tank Waste Remediation System, Environmental Restoration, Waste Management, Facilities Transition, and Spent Nuclear Fuels. These activities will require a skills mix adjustments, regardless of whether overall work force declines.

It is unlikely that significant PHMC layoffs will be required during FY 2000. A few layoffs may be required as the work force is adjusted to move as many resources as possible directly into the Projects. Additionally, more emphasis will be placed on training and retraining existing staff so they are qualified to perform new jobs. Larger spans of control (supervisory ratio/span of management) and reduced management layers are the focus for the upcoming year. Skill adjustments may occur as a result of this activity as well.

The work force restructuring at PNNL continues to decline. PNNL projects a maximum of 30 involuntary separations during FY 2000.

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From FY 1993 through FY 1999					
Project Title	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Agri-business Commercialization and Development Center (ABCD)	\$660,656	\$659,963	40	\$16,499	308
Columbia Basin Minority Economic Development Association (CBMEDA)	\$521,025	\$339,914	16	\$21,245	15
Entrepreneurial Support Network by Benton-Franklin Regional Council (ESN-BFRC) ¹	\$500,000	\$500,000	0	\$0	0
Entrepreneurial Support Network by Tri-Cities Enterprise Association (ESN-TEA)	\$1,487,500	\$1,198,372	325	\$3,687	560
Entrepreneurial Support Network by Washington State University at Tri-Cities (ESN-WSU)	\$1,350,000	\$1,001,000	240	\$4,171	340
Hanford Regional Planning - Benton Co. (HRPC)*	\$109,000	\$109,000	0	\$0	0
PNNL, Entrepreneurial Leave of Absence Program (EntLOA)	\$600,000	\$600,000	100	\$6,000	50
PNNL, Local Technical Assistance Program (TAP) ²	\$1,032,000	\$688,000	19	\$36,211	60
PNNL, Technology Partnerships ³	\$150,000	\$126,000	0	\$0	0
Medical Isotopes Program ⁴	\$332,000	\$76,700	0	\$0	127
Southeastern Washington Development Association (SWDA) Equity Capital Fund ⁵	\$1,425,000	\$1,425,000	23	\$61,957	10
Sparhawk Workforce Enterprise Program ⁶	\$50,000	\$50,000	0	\$0	0
Tri-Cities Commercialization Partnership (TCCP) Expanded Technology Commercialization Base Program	\$410,019	\$410,019	16	\$25,626	80
Tri-Cities Science & Tech Park Master Plan (TCSTP)*	\$50,000	\$50,000	0	\$0	0
TRIDEC Administration*	\$1,322,938	\$923,180	0	\$0	0
TRIDEC, Advanced Process Engineering Laboratory (APEL) ⁷	\$3,521,000	\$3,519,900	14	\$251,421	270
TRIDEC, Commercial Aquaculture Program ⁸	\$316,000	\$127,362	2	\$63,681	0
TRIDEC, Hanford Technology Deployment Center ⁹	\$118,192	\$118,192	0	\$0	0
TRIDEC, Marketing	\$1,150,000	\$663,435	598	\$1,109	1,000
TRIDEC, Tourism Marketing and Development	\$936,500	\$581,700	199	\$2,923	300
WHC Economic Transition Program ¹⁰	\$2,632,760	\$2,632,760	46	\$57,234	670
Worker & Community Impacts (W&CIS, SWOT) - City of Richland*	\$146,152	\$146,152	0	\$0	0
Workforce Enterprise Program ¹¹	\$263,000	\$263,000	0	\$0	0
TRIDEC Incentive Fund ¹²	\$2,000,000	\$50,000	0	\$0	0
Food Irradiation ¹³	\$100,000	\$10,750	0	\$0	10
CBC Worker Training Program	\$650,000	\$221,478	250	\$886	250
Hanford Reindustrialization ¹⁴	\$1,150,000	\$145,032	0	\$0	100
Port of Benton Infrastructure	\$200,000	\$0	0	\$0	100
City of Pasco Wastewater ¹⁵	\$1,000,000	\$1,000,000	0	\$0	200
Port of Benton Rail Study*	\$60,000	\$60,000	0	\$0	0
Economic Development*	\$20,000	\$20,000	0	\$0	0
Totals	\$24,263,742	\$17,716,909	1,888	\$9,384	4,450

* Funds used for planning or administrative purposes. Job creation not intended.
Note. See Appendix G for footnote explanations.

Exhibit II.37 Richland Funding and Job Creation by Program

II.4.13.8 Accomplishments and Lessons Learned

Accomplishments and lessons learned include:

- C More attention should be given to the tax implications of educational assistance.
- C Partnering with the community should never be ignored. Community representatives provide a wealth of information and support. This relationship enables the contractor to provide cost-effective, targeted resources.
- C It is important to work with State, educational, and local agencies during the development of the work force restructuring plan to identify and resolve any conflict in the administration of financial resources. This can reduce and even eliminate potential confusion.
- C The United Way is a valuable community resource and provides referral services that assist the entire family in the transition.

II.4.14 Rocky Flats Environmental Technology Site

II.4.14.1 Background

Today, the Rocky Flats Environmental Technology Site is an environmental cleanup site located 15 miles northwest of downtown Denver, Colorado. Originally established as a nuclear weapons production facility, Rocky Flats' mission has now evolved to one of environmental cleanup. It is designated by the U.S. Environmental Protection Agency as a Superfund Cleanup Site and is on the National Priorities List for cleanup.

In March 1951, the Atomic Energy Commission selected the Rocky Flats area as the site for a nuclear weapons production facility. From 1952 through 1989, the primary mission of the site was production of nuclear and nonnuclear components for the U.S. nuclear weapons arsenal. Production mission activities included plutonium and uranium metal working and fabrication, plutonium recovery and purification operations, and stainless steel and beryllium component manufacturing. The key component produced at Rocky Flats was the plutonium pit, commonly referred to as the "trigger" for nuclear weapons. In addition, research and development in the fields of chemistry, physics, metallurgy, materials technology, nuclear safety and mechanical engineering were conducted to advance the site's weapons production mission.

In 1989, nuclear production work at Rocky Flats was abruptly halted to address environmental and safety concerns related to nuclear operations. This suspension of operations was initially thought to be temporary; however, in 1992, the nuclear weapons production mission at Rocky Flats ended with the President's announcement of the cancellation of production of the W-88 Trident Warhead. Nuclear weapons production has never resumed at Rocky Flats. At that time, it was thought that Rocky Flats would remain a contingency site for nuclear weapons production operations, serving in a backup capacity. However, in 1993, the Department of Energy (DOE) announced that Rocky Flats would no longer have any nuclear weapons production mission.

From 1993 to 1995, the Rocky Flats' mission went through a period of transition from its former production mission to the environmental cleanup mission. In 1995, the site's management changed from a management and operating contract, to an integrated management contract with Kaiser-Hill Company, L.L.C. and its team of prime subcontractors.

II.4.14.2 History of Work Force Restructuring

Work force restructuring at Rocky Flats involves comprehensive work force planning tied to future budget projections and adjustments in the skill mix. Under the direction of contractor management,

with DOE Rocky Flats Field Office (RFFO) oversight, project budgets and work force requirements are established to maximize the effective use of allocated funds. All contractor organizations prepare work force requirement projections by classification to meet project forecasts. The results are compiled and reviewed by the DOE and the contractor in planning future work force restructuring activities.

Work force restructuring activities governed by section 3161 began at the Rocky Flats site in FY 1993. The prime contractor work force decreased from 7,500 at the end of FY 1993 to 3,410 at the end of FY 1997. From FY 1993 through FY 1997, three work force restructuring plans have been implemented and several reductions occurred under each plan. None of these actions included early retirement incentives, although one early retirement program did occur in 1992. In FY 1998, there were 244 separations; 66 percent voluntary and 34 percent involuntary.

II.4.14.3 Current Work Force Restructuring

During FY 1999, the Kaiser-Hill Team continued its efforts to appropriately size and configure the work force to most effectively meet the Site's accelerated closure mission. As a result, additional restructuring actions took place during FY 1999.

On November 16, 1998, the Department announced anticipated work force restructuring at Rocky Flats over the succeeding two to three years involving up to 600 positions.

On December 1, 1998, a Voluntary Separation Payment Program (VSPP) was opened to Kaiser-Hill Team salaried employees who were eligible under the terms of DOE RFFO's Work Force Restructuring Plan Three, with the application period beginning that day, and ending January 14, 1999. This offering was extended to address continued skill mix issues during FY 1999. As a result of improvements to the Kaiser-Hill Team Salaried Employee Retirement Plan, there was an extension to the VSPP application period through January 29, 1999. Further reductions that were not achieved through the December-January VSPP were primarily through involuntary separations.

In FY 1999, there were 139 separations, including 86 non-retirement voluntary separations and 53 involuntary separations (Exhibit II.38). In addition, there were 259 workers placed internally without retraining and 3 transfers to other sites.

Outsourcing. The Kaiser-Hill Team will retain employees with the skills required to deliver core activities at the site. Subcontractors outside of the Kaiser-Hill prime team may perform certain ancillary support activities that require either fluctuating staffing levels or specialized expertise.

Office of Worker and Community Transition

Consistent with DOE policies and procedures, DOE RFFO's Work Force Restructuring Plan Three, and with applicable collective bargaining agreements, make-or-buy cost evaluation tools continue to be used to determine whether outsourcing will accomplish measurable cost savings, or meet other

SITE: Rocky Flats		FY 1999				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	86	\$935,735	\$1,566,554	\$2,502,289	\$29,096
1.1	Early Retirement					
1.2	Non-Retirement Voluntary Separations (Severance Only) (1)	86	\$935,735	\$1,566,554	\$2,502,289	\$29,096
1.3	Net Positions Reduced Through Attrition					
2.0	Involuntary Separations (Severance Only)	53	\$0	\$481,928	\$481,928	\$9,093
2.1	With Benefits	53	\$0	\$481,928	\$481,928	\$9,093
2.1.1	Non-construction workers (1)	53	\$0	\$481,928	\$481,928	\$9,093
2.1.2	Construction workers					
2.2	Without Benefits					
	Work Force Restructuring Separations and Costs -- Lines 1.0+2.0	139	\$935,735	\$2,048,482	\$2,984,217	\$21,469
3.0	Remaining Affected Workers		\$0	\$0	\$0	
3.1	Workers Placed without Retraining	259	\$0	\$0	\$0	\$0
3.2	Workers Internally Placed through Retraining					
3.3	Transfers to Other Sites	3	\$0	\$0	\$0	\$0
4.0	Other Benefits Provided		\$679,213	\$208,824	\$888,037	
4.1	Displaced Worker Medical Benefits	168	\$0	\$208,824	\$208,824	\$1,243
4.2	Relocation Assistance	1	\$4,000	\$0	\$4,000	\$4,000
4.3	Separating or Separated Workers Using Outplacement	1,003	\$451,620	\$0	\$451,620	\$450
4.4	Education Assistance for Separated Workers	90	\$223,593	\$0	\$223,593	\$2,484
5.0	TOTAL COSTS FOR FISCAL YEAR 1999	n/a	\$1,614,948	\$2,257,306	\$3,872,254	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs)	139	n/a	n/a	n/a	\$24,948
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	86	n/a	n/a	n/a	\$32,575
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	53	n/a	n/a	n/a	\$12,572
9.0	Other Separations	15	\$188,887	\$29,738	\$218,625	\$14,575
9.1	Voluntarily Separated	11	\$188,887	\$0	\$188,887	\$17,172
9.2	Involuntarily Separated	4	\$0	\$29,738	\$29,738	\$7,435

Note 1. Includes employees separating after 9/30/99 whose costs have been accrued against 1999.

Exhibit II.38 Rocky Flats Sites Work Force Restructuring Summary

outsourcing objectives. Staffing flexibility, avoidance of capital expenditures, increased efficiency, or access to expertise not available at the site, are key considerations when making the ultimate outsourcing decision.

The Kaiser-Hill Team has established a make-or-buy review committee to review initial outsourcing decisions. The review committee requests bargaining unit involvement in appropriate circumstances that have the potential to impact bargaining unit employees.

There were no separations in FY 1999 as a result of outsourcing.

Rehires. During FY 1999, the Kaiser-Hill Team rehired 45 displaced workers.

II.4.14.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 1999 at Rocky Flats was \$3.9 million (Exhibit II.38). There was \$1.6 million in enhanced benefit cost and \$2.3 million in program cost. The average cost per early retirement was \$29,000. The average estimated fully-burdened cost was \$32,600 per non-retirement voluntary separation and \$12,600 per involuntary separation. The average cost of displaced worker medical benefits was \$1,243, the average cost of relocation assistance was \$4,000, the average cost of outplacement assistance was \$450, and the average cost of education assistance was \$2,484. The average savings in salary and benefits for the 139 positions reduced was \$10.3 million, for a one-time severance cost of \$2.9 million.

II.4.14.5 Outplacement

The Rocky Flats Career Assistance Center, managed by the AFL-CIO Education and Training Office, offers a variety of services to displaced RFETS workers. These services include: resume preparation; correspondence assistance; computer job bank access; job-search training; one-on-one career counseling; copy, fax and telephone service (local and long distance); reference library; Internet access; unadvertised job leads; personality/model testing; career path assessment; and job search support groups. Additionally, various workshops are conducted based on demand regarding assessment testing, unemployment survivability, job search techniques including information regarding "hidden markets," and interview practice. The center also administers the displaced worker retraining program, which provides tuition reimbursement to eligible displaced workers.

The current offsite contract between the AFL-CIO and Kaiser-Hill Company, L.L.C. was executed October 1, 1997, has been renewed again for FY 2000, and will expire September 30, 2000. The onsite contract became effective June 1, 1999, and runs through May 31, 2000.

Preference-in-Hiring. The Kaiser-Hill Team's integrated staffing program requires that displaced workers, who have maintained their hiring preference, receive preferential consideration for job openings that are to be filled from outside the current incumbent workforce. Resumes of eligible former employees are maintained on site and access to the JOBBS resource is also available and must be screened during the staffing process. Compliance with preference-in-hiring requirements is routinely monitored by Kaiser-Hill Human Resources. This includes monthly spot reviews of new hire actions. As of September 30, 1999, there were 11 former employees who are eligible for preference-in-hiring.

II.4.14.6 Community Transition

In FY 1993, the Rocky Flats Local Impacts Initiative (RFLII) was designated the CRO for the Rocky Flats Site. RFLII was a unit of local government that was formed by an intergovernmental agreement of fifteen local governments. As the CRO, the mission of RFLII was to identify opportunities and impacts resulting from the change in mission at Rocky Flats, implement programs to maximize the opportunities and mitigate the impacts, and plan for the site's future. By comparing the skills of Rocky Flats workers

and the impacts of downsizing with existing and emerging industry segments, RFLII developed a strategy to guide its community transition programs. The strategy involved creating new, permanent, high-wage jobs, especially in field matching the skills of displaced Rocky Flats workers, strengthening and diversifying the local economy; helping companies in growth sectors expand; assisting Rocky Flats workers start their own businesses; and enhancing research, training, education, and technical assistance.

Projects were carried out with local partners including universities, economic development agencies, Small Business Development Centers, and nonprofit business incubators. The RFLII organization terminated on March 31, 1999. Eight of the eleven community transition projects have continued without DOE support.

As of March 31, 1999, a total of \$11 million had been committed to RFLII and \$20 million to National Conversion Pilot Project for a total of \$31 million. The majority of those funds have been spent, resulting in 1,825 jobs being created or retained, with an additional 1,518 projected by the year 2003.

The Rocky Flats Coalition of Local Governments (Coalition) was established in February 1999 by an Intergovernmental Agreement among the seven local governments that border Rocky Flats Environmental Technology Site or own open space adjacent to the Site -- Boulder County, Jefferson County, City of Arvada, City of Boulder, City of Broomfield, City of Westminster, and Town of Superior. In June of 1999, the Coalition was designated as the CRO for the Rocky Flats Site.

As the CRO, the Coalition's mission is to provide an effective mechanism for local governments in the vicinity of Rocky Flats to work together on issues of mutual concern relating to the safe, prompt and effective clean-up and closure of Rocky Flats, to work collaboratively on issues related to the future-use and long-term stewardship of Rocky Flats, and to serve as a focal point for local government communication and advocacy with state and federal agencies regarding Rocky Flats issues.

In addition to DOE funding, the Colorado Department of Health (CDPHE) has awarded a three-year, \$250,000 grant to the Coalition for work on long-term stewardship issues. Kaiser-Hill, the integrating contractor at Rocky Flats, has also contributed \$100,000 in corporate funds to the Coalition to hire consultants for work on future use issues. As of September 30, 1999, a total of \$250,000 has been committed to the CRO, \$151,341 of which has been spent. Exhibit II.39 provides an allocation of job creation and funding statistics by six economic development categories between FY 1993 and September 30, 1999.

FY 1993 through FY 1999					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Entrepreneurial Development	\$0	\$0	0	\$0	0
Financing Programs	\$0	\$0	0	\$0	0
Reuse of On Site Assets	\$0	\$0	0	\$0	0
Training	\$0	\$0	0	\$0	0
Land, Facilities, Research and Development Assistance	\$0	\$0	0	\$0	0
Planning / Program Management	\$250,000	\$151,341	0	\$0	0
RFLII Totals	\$31,443,315	\$30,677,295	1,825	\$16,809	3,343
Totals	\$31,693,315	\$30,828,636	1,825	\$16,892	3,343

Exhibit II.39 Rocky Flats Community Transition Funding and Job Creation

The following information highlights the major accomplishments of selected projects funded by RFLII:

- C *The Entrepreneur Resource Program* - The program provided management assistance vouchers, business incubator subsidies, and information services to companies started by Rocky Flats workers and companies in industries that would hire such workers. This program has created or retained 1,738 new jobs.
- C *The Jefferson Economic Council Marketing Pilot* - This project conducted a two-year pilot project to serve as a third-party marketing agent for manufacturing and to increase sales outside the county. As of March 31, 1999, this project created 95 jobs and is expected to create a total of approximately 230 by 2003.
- C *The Equipment Transfer Program* - RFLII marketed selected items of excess personal property to companies in targeted industries that surround the Rocky Flats Site. Lists of available equipment were distributed to interested companies. Proposals to purchase property included both a purchase price and a statement of how the acquisition would assist with community transition. Ten percent of the proceeds were retained by RFLII as program income to offset costs. Because of this income, the funds spent on the program exceed the funds allocated by DOE. The equipment transfer program created 143 additional jobs through

business expansion and it is estimated that an additional 57 will be created by the residual affects of the equipment transfer.

The following information provides an update on the major accomplishments of selected issues and/or projects focused upon by the Coalition:

- C *Worker Issues* - To date, the Coalition has been engaged on a number of issues central to its mission, including regularly attending worker issue meetings hosted by Congressman Mark Udall. The Coalition has also been actively monitoring Rocky Flats work force utilization and restructuring for potential impacts on workers, cleanup, and the community.

- C *Energizing Community Members* - The Coalition has also been actively involved in engaging community members on a range of issues regarding cleanup and closure of Rocky Flats. Among other things, the Coalition holds monthly Board meetings; provides an opportunity for public comment and public dialogue on various issues before the Board; and communicates with other local officials, the Citizens Advisory Board, DOE Rocky Flats, Kaiser-Hill, and other stakeholders about the Coalition's mission and activities.

- C *Stewardship and Future Use Issues* - Consistent with its mission, the Coalition has also participated in decision making about interim storage of transuranic waste. It has also monitored and participated in decisions regarding disposition of low-level orphan wastes, and has begun reviewing DOE's vision for what constitutes cleanup and closure. Board members have begun analyzing DOE's planning assumptions regarding stewardship, and have participated in policy making as it relates to the development of a long-term protection strategy for Rocky Flats.

Exhibit II.40 provides a summary of all projects funded between FY 1993 and September 30, 1999.

From FY 1993 through FY 1999					
Project Title	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Rocky Flats Local Impacts Initiative (RFLII) Total	\$31,443,315	\$30,677,295	1,825	\$16,809	3,343
Rocky Flats Coalition of Local Governments Operations*	\$250,000	\$151,341	0	\$0	0
Totals	\$31,693,315	\$30,828,636	1,825	\$16,892	3,343

* Funds used for planning or administrative purposes. Job creation not intended.

Exhibit II.40 Rocky Flats Funding and Job Creation by Program

II.4.14.7 Future of the Site

Rocky Flats still houses 14 tons of plutonium and seven tons of uranium. These materials, as well as transuranic waste, are scheduled for shipment to other DOE facilities and storage sites. The current site mission is to make it safe, clean it up, and close it down. Management's key priority is the safe, accelerated closure of the site. Kaiser-Hill and DOE, working in coordination with Rocky Flats stakeholders, have developed a draft plan to substantially complete the cleanup and closure of Rocky Flats within a six-year period, as opposed to the previously submitted ten-year plan. Key factors impacting the ability to reach the new six-year cleanup goal will be the adequacy of funding levels and the availability of locations to ship the site's waste and nuclear materials.

During this closure period, key activities will include risk reduction through special nuclear material stabilization and consolidation, waste management, environmental remediation, deactivation, decontamination and decommissioning. Buildings and facilities have already begun to come down. Inherent in these operations, safety remains the top goal.

Approach to Closure Activities. DOE and the Kaiser-Hill Team are continuing to implement new approaches to closure activities at the site. Initiatives fostered under the new approach, which began in FY 1999, will continue in FY 2000. They involve shifting the emphasis from paying employees additional funds as they separate to encouraging the retention of necessary employees through the end of their closure assignments. Some career services, which were available only to separated employees, have been made available to working employees so that they may be better prepared for their future separation.

II.4.14.8 Accomplishments and Lessons Learned

In its effort to continue to align benefits programs to the closure mission, the Kaiser-Hill Team implemented a number of major initiatives during 1999. These initiatives included:

- C Lifting the vacation accrual cap;
- C Enhancing the salaried benefit retirement plan and adding a lump-sum settlement option for employees who stay until their job is no longer needed;
- C Liberalizing the tuition reimbursement program to allow employees to take course work in traditional and non-traditional disciplines;
- C Offering financial planning seminars to employees and their spouses;

- C Opening an onsite Career Transition Center to support current employees personal closure plan activities to transition out of Rocky Flats; and
- C A revival of the Entrepreneurial Resource Program.

Accomplishments:

A number of accomplishments and lessons learned have been incorporated into the current work force restructuring process at the site to mitigate the impact of work force restructuring activities. They include:

- C Establishment of a review board to evaluate candidates for layoff, and use of the board early in the employee selection process to review diversity and other issues is believed to minimize last minute decisions made by management.
- C Maximizing advance notice to employees of impending outsourcing or other restructuring actions has allowed employees a reasonable opportunity to make decisions regarding alternate placement on site, begin an external job search, or accept employment with the outsourced subcontractor, if that option is available.
- C Human Resource support and training is provided to managers who are tasked with giving at-risk or reduction-in-force notices to their employees to minimize disruption and to ensure clear communication of important information to the affected employees.
- C A formal meeting titled “Your Next Step” is provided to affected employees during the employee checkout process. Attendance is optional, yet strongly encouraged. The session covers critical information, such as how and where to apply for state unemployment benefits. Other community resources available to the recently unemployed are identified. Benefits available under the Team’s voluntary and involuntary programs are reviewed and discussed. It also describes resources available at the Career Assistance Center. Employee Assistance Program services are also made available at this time. The session uniformly receives positive feedback from displaced workers and allows them to immediately focus their energy toward finding future employment and in dealing with the loss of their jobs in a positive manner.
- C Guidelines regarding use of retraining benefits have been liberalized to facilitate an employee’s ability to retrain for new employment at their own pace and, therefore, at a potentially quicker pace than under previous guidelines.

- C The Career Assistance Centers, both onsite and offsite, provide Internet access to job search networks and CD ROM-based databases are also made available to both active and displaced workers.

II.4.15 Sandia National Laboratories

II.4.15.1 Background

Sandia National Laboratories (Sandia), one of the largest research and development facilities in the nation, is located in Albuquerque, New Mexico. Since 1951, Sandia has conducted multi-program engineering and science nuclear weapons complex work under contract with the Department of Energy. Sandia is currently managed and operated by Sandia Corporation, a wholly-owned subsidiary of Lockheed Martin Corporation.

With the end of the Cold War, nuclear weapons work has been refocused. As a Department of Energy national laboratory, Sandia is devoted to leadership in applying the best integration of scientific and engineering creativity and expertise to our nation's most pressing problems; working in partnership with universities and industry to serve national interests. Sandia provides scientific and engineering solutions to meet national needs in nuclear weapons and related defense systems, energy security, and environmental integrity, and addresses emerging national challenges for both government and industry. Sandia's mission includes many projects that tend to be threat-driven in the areas of environment, energy, manufacturing, transportation, space, and the nation's economy.

To meet mission requirements, Sandia has established eight strategic objectives for the next decade. The first set of objectives describes the focus of the laboratory activities. These include: assuring a U.S. nuclear deterrent; reducing U.S. vulnerabilities to the proliferation, threat, and use of weapons of mass destruction, and to other nuclear incidents; enhancing the safety, security, and reliability of energy and critical global infrastructures; and developing high-impact responses to emerging national security threats. The second set of objectives addresses how the laboratory will accomplish these activities by selecting the best people to join and remain at Sandia and to measure the performance of both teams and individuals; creating a laboratory that works better and costs less, with an infrastructure that is a competitive advantage for their strategic missions; balancing the state of knowledge and using these advances to solve customer technical problems; and maximizing the beneficial use of strategic partnerships.

II.4.15.2 History of Work Force Restructuring

With a majority of Sandia's funding tied to defense work, the end of the Cold War signaled a future decrease in funding. As early as FY 1992, the Laboratories were restructured, eliminating one entire management layer, resulting in a leaner and more efficient organization. Efforts were made in FY 1994 to reduce costs and to minimize the effects of the anticipated reductions in funding for FY 1995 and ensuing years, while retaining a work force with the skills necessary to fulfill the Department's mission. Business processes were and are being reengineered to provide more cost-effective operations. There were no formal restructuring activities in FY 1995, although 463 employees separated through attrition, and 19 employees not eligible for separation benefits were involuntarily separated.

In FY 1996, Sandia determined it was necessary to restructure the work force, and the decision was announced in December 1995. To mitigate the impact of potential involuntary reductions, a Voluntary Separation Incentive Program (VSIP) was approved and announced to employees. Two hundred seventy-one employees took advantage of the VSIP and an additional 314 left through attrition. Ten employees not eligible for separation benefits were also separated. An additional 45 were placed in other jobs at the site without further training.

Continued funding reductions required another work force restructuring activity in FY 1997 of 481 total separations. There were 356 separations through the VSIP and 125 positions were reduced through net attrition. In FY 1998, there were only 19 positions reduced from Sandia; 12 terminations for cause, seven nonretirement voluntary separations, and no involuntary layoffs.

II.4.15.3 Current Work Force Restructuring

In FY 1999, there were no positions reduced through work force restructuring at Sandia (Exhibit II.41). New hires exceeded gross attrition, therefore, there were no positions reduced through net attrition.

Outsourcing. No employees were separated from Sandia as a result of outsourcing in FY 1999.

Rehires. There were 45 rehires at Sandia in FY 1999.

II.4.15.4 Costs and Cost Savings

Sandia incurred \$78,468 in total restructuring costs in FY 1999, for restructuring that took place in prior years (Exhibit II.41). There were \$60,000 in enhanced benefit costs and \$18,468 in program

costs. The average cost of displaced worker medical benefits was \$839, and the average cost of educational assistance was \$1,395.

II.4.15.5 Outplacement

Employees who left Sandia through the FY 1996 VSIP were offered outplacement assistance from StarAccess. StarAccess provided a full range of outplacement services that included: performing job searches; developing and maintaining job leads; assisting with resume creation,

	SITE: Sandia National Laboratory	FY 1999				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	0	\$0	\$0	\$0	\$0
1.1	Early Retirement					
1.2	Non-Retirement Voluntary Separations (Severance Only)					
1.3	Net Positions Reduced Through Attrition					
2.0	Involuntary Separations (Severance Only)	0	\$0	\$0	\$0	\$0
2.1	With Benefits					
2.1.1	Non-construction workers					
2.1.2	Construction workers					
2.2	Without Benefits					
	Work Force Restructuring Separations and Costs -- Lines 1.0+2.0	0	\$0	\$0	\$0	\$0
3.0	Remaining Affected Workers		\$0	\$0	\$0	
3.1	Workers Placed without Retraining					
3.2	Workers Internally Placed through Retraining					
3.3	Transfers to Other Sites					
4.0	Other Benefits Provided		\$60,000	\$18,468	\$78,468	
4.1	Displaced Worker Medical Benefits	22	\$0	\$18,468	\$18,468	\$839
4.2	Relocation Assistance					
4.3	Separating or Separated Workers Using Outplacement					
4.4	Education Assistance for Separated Workers	43	\$60,000	\$0	\$60,000	\$1,395
5.0	TOTAL COSTS FOR FISCAL YEAR 1999	n/a	\$60,000	\$18,468	\$78,468	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs)	0	n/a	n/a	n/a	\$0
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a	\$0
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a	\$0
9.0	Other Separations	0	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated					
9.2	Involuntarily Separated					

Exhibit II.41 Sandia National Laboratory Work Force Restructuring Summary

reproduction and mailing; maintaining job market information; publicizing terminated workers' skills; and facilitating registration with government bureaus and services. A Career Transition Center was available in Albuquerque with phone lines, computers, and copy machines as part of the outplacement services. Employees who used the Career Transition Center were offered workshops on topics such

as resume writing, interviewing skills, career assessment, job search techniques, and personal finance counseling. Training for managers at Sandia was available on such topics as violence in the work place and survival skills for remaining employees.

Preference-in-Hiring. With the exception of terminations for cause and one involuntary layoff (by retirement), all separations have been voluntary, therefore, no separated employees were eligible for preference-in-hiring consideration. There were no workers from other Department of Energy sites placed at Sandia through preference-in-hiring in FY 1999.

II.4.15.6 Future of the Site

The current size of the Laboratories appears to be at an affordable level and will permit a hiring program that will strengthen its efforts in cutting-edge technologies. It is expected that an ongoing process of internal movement, retraining of employees, and normal attrition will accommodate any staffing impacts.

II.4.15.7 Accomplishments and Lessons Learned

Accomplishments:

The fact that there were no involuntary separations of full-time employees as a result of Sandia's two work force restructuring activities highlights the success of its reengineering efforts. A number of factors contributed to this success.

- C Organizational teamwork and senior management support were instrumental in realizing successful restructuring. All organizations worked together toward the common goal of no involuntary layoffs, and senior management acknowledged their ownership of the process, actively supporting it and being personally involved in the details of the decision-making.
- C Effective communications were critical to our success. Sandia was able to clearly communicate to employees in a timely fashion the situation they were facing. This communications took place on several levels:
 - S Managers to employees. Managers received information regarding the corporate activities through "town meetings" and a published information guide. They, in turn, conducted meetings of their "direct-report" employees to share information, answer questions, and relay concerns.

- S** Individual employees. Every employee also received a packet of information on the day of the announcement. The packet included information on the voluntary separation incentive package, assistance contacts, and guidance on job openings in the Laboratories.
- S** Internal media. Used several methods, including the *Lab News* (bi-weekly newspaper), the Internal Web's *Daily News*, and the *Weekly Bulletin*; and a letter from the President of Sandia was also distributed to all employees.
- S** Weekly forums. During the restructuring actions, meetings were conducted weekly among representatives from all Vice Presidents and Human Resources to record progress and work unresolved issues.
- C** Sandia first implemented and communicated its policy regarding the realignment of impacted employees to new work/jobs in September 1995, providing an early framework for eventual restructuring activities. Over two years in development, it describes the principles that drive decision-making regarding realignment, the responsibilities of Sandia's executives, managers, and employees in the process, and the events which mark progress through the process.
- C** One particular feature of the voluntary separation incentive package was offering the voluntary separation incentive to both impacted and nonimpacted employees. Employees whose work was being reduced were identified as "impacted" employees. Their options included finding another position at the Laboratories or electing a voluntary separation with incentive. However, if an impacted employee did not want to voluntarily separate, he or she could "backfill" the job of a non-impacted employee who would like to separate. A voluntary separation incentive package application could be approved for a nonimpacted employee as long as it saved the job of an impacted employee. This created a "win-win" situation for all concerned: the impacted employee did not have to separate, the nonimpacted employee separated with an incentive, and no involuntary separations were required.
- C** Strategic partnerships between Human Resources and line organizations were also instrumental in the success of work force restructuring. The Strategic Staffing Forum is an assembly of representatives from all vice presidencies (and chaired by the Laboratories' staffing manager), which addresses corporate-wide staffing issues. It is an effective clearinghouse of information and exchange between Human Resources and the various lines of business regarding the appropriate conduct and timing of restructuring activities. The Human Resources Staffing Planning function provides the tools and analysis to support the organizations in the description of its staffing needs. The Employee Development Center supports employees in their career development, underscoring the principle of employee "ownership" of job and career at Sandia.

Lessons Learned:

- C Communication, while acknowledged as one of the strongest features of the first separation program, was identified as an area where even more improvement could be made. Information available to employees through the use of electronic communication on Sandia's internal web was timely and up-to-the-minute. It included information guides for managers and employees, and a resource list of assistance-related contacts, and a dynamic list of job openings available to impacted employees.
- C Making a list of potential job openings to impacted employees proved valuable. A list of openings from across the Laboratories was compiled and posted on the internal web. Impacted employees could bid on any jobs for which they qualified. The process required hiring managers to consider any impacted employees who bid on the jobs.
- C Advertising positions that would be available to impacted employees upon nonimpacted employees' departures was a very useful tool for restructuring. As described above, the voluntary separation incentive package application of a nonimpacted employee could be approved if it saved the job of an impacted employee. A list of the positions of non-impacted employees who wished to separate was made available on the internal web to streamline the process of linking an impacted employee to the job of a nonimpacted employee.

II.4.16 Savannah River Site

II.4.16.1 Background

The Savannah River Site (SRS) covers approximately 310 square miles along the Savannah River in three counties in South Carolina. In the summer of 1950, the United States was developing a hydrogen bomb and the Soviet Union had begun nuclear weapons testing. By the end of that year, the United States Atomic Energy Commission (which later became the Department of Energy) announced it would build a facility to produce tritium and plutonium for the nation's nuclear weapons stockpile. The site would include five nuclear reactors, two chemical separations areas, feed material facilities, and a facility to produce heavy water (water with a preponderance of its hydrogen atoms as the isotope deuterium).

Initial operations began in October 1952, and the first reactor became operational in December 1953. The first shipment of plutonium was shipped in December 1954. The Savannah River Site continued to produce special nuclear materials until 1988, when the last operating reactor was shut down.

After more than 40 years of operation, SRS has accumulated and stored massive quantities of radioactive waste. Emphasis on waste management along with environmental restoration missions grew substantially over the years and has now become a significant element of the Site's overall mission. These functions increased by 35 percent from the end of the Cold War in September 1991 through FY 1997. The emphasis on waste management and environmental restoration was very evident during FY 1998 and FY 1999, as several milestones in these areas were accomplished. It is anticipated the emphasis on these missions will continue into the new millennium.

The following provides a description of current missions.

Tritium: The tritium mission includes unloading reservoirs and recycling tritium, remanufacture of returned reservoirs, loading tritium and other gases into reservoirs, extracting gas from available targets and purifying the tritium, and testing tritium delivery systems and performing reservoir stockpile surveillance.

Spent Fuel: Spent nuclear fuel and irradiated production reactor targets are managed in onsite concrete, water-filled storage basins. The fuel originated from the site's production reactors and from domestic and foreign research reactor programs.

Canyon Operations: Two primary separations facilities – F Canyon and H Canyon – are where nuclear materials have historically been chemically recovered and purified. Currently, F Canyon is

dissolving and processing Taiwan research reactor spent fuel. H Canyon is preparing to start up head end and dissolver operations for processing Mark 16 and Mark 22 fuel targets.

Waste Management: Weapons material production at SRS has produced 34 million gallons of high-level radioactive waste stored in underground tanks. The Defense Waste Processing Facility is processing this waste to bond the radioactive elements in borosilicate glass, a stable storage form. Other activities involving operations that must be safely managed include the treatment, storage and disposal of low-level solid and liquid radioactive, transuranic, hazardous, mixed, and sanitary wastes.

Environmental Restoration: The Site's environmental restoration program is responsible for assessment and cleanup of contaminated, radioactive, hazardous and nonhazardous waste sites that are no longer part of active operations. It includes over 400 units ranging in size from a few feet to tens of acres.

II.4.16.2 History of Work Force Restructuring

From the beginning of FY 1993 through the end of FY 1998, there were approximately 7,978 prime contractor separations; 75 percent voluntary and 25 percent involuntary.¹ There were also approximately 2,300 subcontractor separations from FY 1993 through FY 1998.

In April 1993, SRS announced a work force restructuring of approximately 2,600 positions based on budget reductions and changes in Site missions. The challenge was to manage the employment reduction while minimizing, to the extent practical, the impact on individuals and on surrounding communities. Based on the information available at that time, it was expected that about 1,400 positions would be reduced through attrition, including the ebb and flow of construction crafts and the release of temporary workers; and about 1,100 positions would be reduced through an early retirement incentive and incentivized voluntary separation programs. It was anticipated that only about 100 full-service employees would be involuntarily separated.

Actual reductions for FY 1993 and FY 1994 were approximately 3,550, including approximately 1,440 subcontractor/temporary/construction worker separations. There were approximately 970 separations through attrition, approximately 730 through early retirement, approximately 380 through the voluntary separation program, and only approximately 30 involuntary reductions. The majority of the reductions took place in FY 1993, with minor reductions in FY 1994.

¹Total prime contractor separations from FY 1993 through FY 1998 include approximately 1,405 separations through attrition at no cost to the Department. Of those separations, approximately 870 were not included in the FY 1993/1994 Annual Report due to a change in tracking separations through attrition.

In February 1995, the site announced a second work force restructuring of approximately 4,200 positions based on the continuing need to reduce Federal expenditures, on changing site missions, and on contractor reform initiatives including additional fixed-price contracting. Actual reductions in total contractor employment for FY 1995 totaled approximately 3,900, including approximately 420 subcontractor employees. There were 71 percent voluntary reductions and 29 percent involuntary.

In March 1996, continuing pressures surrounding the FY 1996 and FY 1997 budgets caused the Department to announce that approximately 1,950 additional positions at SRS were to be eliminated in FY 1996. These planned reductions were to occur through means of normal attrition, a voluntary separation program, followed by an involuntary reduction-in-force. However, in April 1996, the Department announced a moratorium on all involuntary separations through December 31, 1996.

The planned voluntary separation programs were implemented and resulted in approximately 290 contractor employees separating voluntarily. This was a significantly smaller number than originally planned prior to announcement of the moratorium on involuntary separations. Total reductions for FY 1996 were approximately 1,200 contractor employees, including around 200 subcontractor employees. There were 53 percent voluntary reductions and 47 percent involuntary reductions. All involuntary separations occurred before the announcement of the moratorium or were part of the ebb and flow process due to normal completion of work. None of the involuntary separations were permanent prime contractor employees.

The involuntary reductions planned for FY 1996 began in January 1997 after the moratorium on involuntary separations ended. Based on a revised work force analysis conducted in December 1996, approximately 876 reductions were needed by April 1997. Actual reductions in contractor employment totaled 676 from January 1997 through March 1997. Reductions included 235 full-service employees, 257 construction crafts employees, and 152 subcontractor employees.

The President's FY 1998 budget announced in February 1997 created a shortfall of over \$100 million from FY 1997 to FY 1998. Through the work force analysis process, approximately 1,100 full-service positions were identified for a two-phase reduction between March 31, 1997 and September 30, 1997, including estimated attrition of 200 positions. However, only phase I involuntary reductions of 603 actually took place. There were 1,148 net prime contractor positions reduced in FY 1997; 35 percent were voluntary and 65 percent involuntary.

There were 149 separations at SRS in FY 1998. Eleven positions were reduced through attrition and the remaining 138 separations were involuntary; with 77 receiving section 3161 benefits and 61 not receiving section 3161 benefits. The involuntary separations in FY 1998 were due to normal ebb and flow in the construction trades.

II.4.16.3 Current Work Force Restructuring

No announced, structured work force restructuring took place during FY 1999. As a result, the somewhat stabilized work force provided an opportunity to move from a mindset of downsizing to one of work force management and planning. Normal ebb and flow in the construction trades resulted in a total of 196 construction craft separations (Exhibit II.42). Of these, 52 received section 3161 benefits and 144 did not receive 3161 benefits. Normal attrition during FY 1999 accounted for 296 WSRC and 15 WSI additional full-service reductions. There were 343 new hires and 507 total separations, resulting in 164 net positions reduced.

	SITE: Savannah River	FY 1999				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily (1)	-	\$0	\$0	\$0	\$0
1.1	Early Retirement					
1.2	Non-Retirement Voluntary Separations (Severance Only)					
1.3	Net Positions Reduced Through Attrition (Voluntary Attrition (311): New Hires (343))					
2.0	Involuntary Separations (Severance Only)	196	\$269,757	\$0	\$269,757	\$1,376
2.1	With Benefits	52	\$269,757	\$0	\$269,757	\$5,188
2.1.1	Non-construction workers					
2.1.2	Construction workers	52	\$269,757	\$0	\$269,757	\$5,188
2.2	Without Benefits	144	\$0	\$0	\$0	\$0
	Work Force Restructuring Separations and Costs -- Lines 1.0+2.0	196	\$269,757	\$0	\$269,757	\$1,376
3.0	Remaining Affected Workers		\$0	\$32,000	\$32,000	
3.1	Workers Placed without Retraining	119	\$0	\$0	\$0	\$0
3.2	Workers Internally Placed through Retraining	20	\$0	\$32,000	\$32,000	\$1,600
3.3	Transfers to Other Sites					
4.0	Other Benefits Provided		\$133,942	\$0	\$133,942	
4.1	Displaced Worker Medical Benefits	57	\$0	\$0	\$0	\$0
4.2	Relocation Assistance	1	\$2,000	\$0	\$2,000	\$2,000
4.3	Separating or Separated Workers Using Outplacement	165	\$17,246	\$0	\$17,246	\$105
4.4	Education Assistance for Separated Workers	60	\$114,696	\$0	\$114,696	\$1,912
5.0	TOTAL COSTS FOR FISCAL YEAR 1999	n/a	\$403,699	\$32,000	\$435,699	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs)	196	n/a	n/a	n/a	\$2,299
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a	\$0
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	52	n/a	n/a	n/a	\$8,667
9.0	Other Separations	0	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated					
9.2	Involuntarily Separated					

Note 1. A total of 343 positions hired in FY 1999, as follows: WSRC (131), Construction Crafts (200), WSI (12). A total of 507 attrition during FY 1999, as follows: WSRC (296), Construction Crafts (196), WSI (15).

Exhibit II.42 Savannah River Work Force Restructuring Summary

WSI-SRS visited the Rocky Flats, CO and Piketon, OH sites to recruit DOE-certified security officers who were to be potentially affected by downsizing during FY 1999. These site visits resulted in WSI-SRS hiring two individuals effective October 1999 (FY 2000) from the Rocky Flats facility. Although WSI-SRS made several offers to individuals at Rocky Flats, some accepted offers at other DOE sites.

Others declined WSI-SRS job offers to wait out the layoff due to retirement benefits expected at the time of layoff. None of the prospective candidates in Piketon, OH had interest in relocating to WSI-SRS. Predominant reasons for the lack of interest were loss of seniority (average seniority was 18 years or greater) and family ties. Although these trips were not as successful in recruiting certified security officers as expected, WSI-SRS continues to be committed to the corporate objective of helping DOE contractor employees at risk find employment within the DOE system.

As part of WSRC's work force planning and management, a formalized work force analysis was conducted in December 1998 to determine the extent to which work force skills were properly aligned with work requirements to maximize mission accomplishment. Based on this analysis, it was determined that approximately 131 employees were "excess" in their divisional assignments compared to approximately 146 "vacancies" existing throughout the WSRC workforce. To correct this seeming imbalance, two placement or "matching" meetings were held in January 1999 to redistribute to the extent possible the identified excess employees into vacancies where their skills matched job requirements. This effort resulted in the reassignment of 52 excess employees into jobs commensurate with their skills, education, and abilities. There was no cost involved in the effort. An update of the work force analysis was conducted in March 1999 and showed work force skill mix to be 98 percent correct.

The placement or matching process was repeated in August 1999 after a follow-up work force analysis identified approximately 40 candidates for possible reassignment due to some divisional budgets being overextended and some divisions' workloads being reduced because of project completions. At the same time, other divisions had job vacancies, work, and available funding. Of the approximate 40 possible candidates, 25 were reassigned into jobs where their skills were most needed. Again, there was no cost to the process because the employees placed already possessed the skills, knowledge, and experience needed for the positions where reassigned.

Another initiative taken under the umbrella of work force planning and management came as a result of WSRC anticipating the need to fill a number of technical nonexempt positions in FY 2000. Current attrition projections indicate the need for approximately 60 new employees annually in these positions annually. Opportunities for retraining/reassignment into these positions were offered to the existing workforce. Once the pool of possible internal candidates was exhausted, WSRC negotiated and reached a cooperative agreement with three local area technical colleges to provide a pipeline of qualified external candidates for these positions. As part of the agreement, the local colleges will include a substantial portion of the SRS Site Fundamentals Training curriculum into their school curricula, which will eliminate approximately nine weeks of post-hire training at the Site. Graduates of the technical college curricula will meet all initial entry requirements for hire into one of several SRS technical nonexempt units. The new curricula, which will be incorporated into an approximate one-year certificate program, began with the Fall 1999 college semester. Enrollment is open to future SRS

employees interested in reassignment to one of these units, preference-in-hire candidates, construction craft workers and the public. Until the end of CY 2000, each graduate of the college certificate course who is not hired within six months will be eligible to receive up to \$1,000 tuition reimbursement from WSRC with the total amount available for such reimbursement capped at \$60,000. However, based on the projected attrition, it is estimated that approximately \$430,000 in savings will be realized annually.

Also, as a part of WSRC's work force planning and management, a multi-phase Information Technology (IT) retention plan was developed and implemented. Components of this plan included a stay-on payment, a completion payment, and flexible workplace program, and it targeted 23 IT professionals possessing critical skills for Site Y2K preparation. The retention plan was successful in maintaining the full group during the critical time period from November 1, 1998 through May 31, 1999. Due in part to retaining these professionals, the Site has completed the inventory, renovation, and testing of its computer systems and stands ready to face the Y2K problem.

Outsourcing. There have been seventeen outsourcing, privatization, or spin-off initiatives at SRS since 1993. These were:

Basic Ordering Agreement for ER (1/94)	New Sanitary Landfill (1/04)
Machine Shop Services (1/94)	Telecommunications Operators (1/94)
Corral Subcontract for E&D Work (1/94)	Motor Repair (1/94)
Contaminated Laundry Facility (1/95)	Vehicle Repair (1/95)
Building Maint. for Admin Facilities (1/95)	SCE&G D-Area Powerhouse (1/95)
News Clippings (1/95)	Computer Training (11/95)
Low-Level Waste Reduction (10/96)	Treatment of Mixed Waste (6/97)
Westinghouse Safety Management Solutions, LLC (WSMS) (10/97)	Emergency Service Integrators (1/98)
Three Rivers Landfill (7/98)	

The most notable spin-off was the formation of WSMS. By 1997, it was apparent that safety management work at SRS would level off while opportunities at other government sites and in the commercial sector would increase. This spin-off approach maintained the Site's access to the outsourced employees' safety management competencies, while at the same time making them available to the entire DOE complex. Otherwise, these employees could have moved to other sites individually or to private industry. Comprised of 154 former WSRC employees, the newly formed WSMS provides all safety analysis, licensing and regulatory support to WSRC. WSMS also contracts a full range of safety management solutions to the U.S. Department of Energy, U.S. Department of Defense, and commercial clients in the U.S. and abroad. WSMS now provides "external" expertise to maintain and improve upon the exceptional safety and health record at SRS, but does so on a task order basis. This

contracted task-based approach is expected to save SRS over \$15 million between 1997 and 2001, and allows SRS contractors to staff to the valleys and augment with subcontractor support during peak periods.

In January 1998, a spin-off company was started by a group of employees who had designed and implemented the Emergency Operations Center (EOC) and the 911 Response Center and system for SRS. This spin-off company contracted with WSRC to perform continuing operations and maintenance of these services as well as to perform similar services for regional governmental organizations. The original group of six employees has since grown to ten and business has expanded beyond the local region.

The latest privatization activity occurred in July 1998, when the Three Rivers Landfill, a lined, regulatory compliant landfill, was opened on SRS property to serve the South Carolina counties of Aiken, Barnwell, Bamberg, Orangeburg, Calhoun, Saluda, Edgefield and McCormick. No SRS employees were impacted due to this privatization; however, the landfill created 15 permanent jobs without eliminating any jobs in the eight counties. It is estimated the landfill will collectively save the eight counties approximately \$2 million per year and SRS approximately \$24,000 per year.

Due to these spin-offs, privatizations, and outsourcing activities from 1993 through 1998, 199 employees have been outsourced. No outsourcing activities took place in FY 1999.

Rehires. During FY 1999, WSRC hired 131 full-service and 200 construction craft employees. Of these, 1 was a recall, 21 were rehires, and 7 were preference-in-hires. WSRC subcontractors hired 66 employees in FY 1999; 19 of which were recalls and 35 were preference-in-hires. WSI hired 12 employees in FY 1999, 2 of which were rehires.

II.4.16.4 Costs

The total work force restructuring cost incurred in FY 1999 at Savannah River was \$435,699 (Exhibit II.42). There was \$403,699 in enhanced benefit cost and \$32,000 in program cost. The average estimated fully-burdened cost per involuntary separation was \$8,700. The average cost of relocation assistance was \$2,000, the average cost of outplacement assistance was \$105, and the average cost of education assistance was \$1,912. An additional cost of \$32,000 was incurred for workers internally placed through retraining; at an average cost of \$1,600 per worker.

II.4.16.5 Outplacement

Outplacement assistance was a very strong aspect of the Site's work force restructuring program during the major downsizing years. From 1993 to 1999, over 6,000 displaced workers visited the outplacement resource center at least once. Successful transitions have been accomplished with almost all outplacement users, i.e., only an average of 10 displaced workers per month currently seek outplacement assistance.

As of October 5, 1998, outplacement services have been provided by the State "One-Stop" Displaced Worker Resource Center housed at Aiken Technical College. This was the result of collaborative efforts between the State of South Carolina Employment Security Commission, Aiken Technical College and WSRC which culminated in an agreement for SRS to transition all outplacement services to the "One-Stop." Under the agreement, the State now funds and provides all outplacement center services. WSRC continues to maintain the preference-in-hire database and actively uses the DOE JOBBS database to post job vacancies. During FY 1999, 189 jobs, representing 100 percent of the vacancies to be filled externally by other than recalls or preference-in-hire candidates were posted in the JOBBS database.

Preference-in-Hiring. In FY 1999, WSI-SRS extended employment offers to two preference-in-hiring candidates; however, only one accepted. His employment with WSI-SRS began in October 1999 and will be so noted in the FY 2000 Work Force Restructuring Annual Report.

As WSRC began more hiring in FY 1998, it became apparent that the Department of Energy, Savanna River Operations Office (DOE-SR) and WSRC had considerably different interpretations of the preference-in-hire requirement. In addition, union representatives had issues with their perception of the way in which preference in hire was administered. In October 1998, DOE-SR and DOE-HQ met with WSRC and with selected union representatives to discuss the development of a local preference-in-hire procedure and a possible "open season" for eligible former SRS employees to apply for the preference in hire benefit. A draft preference in hire procedure based on comments from these meetings was sent to all union representatives and contractors for comment the following month. After reviewing these stakeholders' comments, an interim procedure was issued in March 1999 and finalized in August 1999, with minor revisions. The preference-in-hire benefit is now better clarified and accepted by all parties concerned. In addition, it includes a requirement to provide quarterly reports of contractor and eligible subcontractor hires to DOE-SR; identifying if the new hire was a recall, transfer, preference-in-hire, or other, and an explanation for all non-preference in hire selections. To assure compliance at all levels, WSRC has held meetings with site hiring managers to explain the new procedure and the reporting requirements, and has forwarded the new procedure and reporting requirements to their subcontractors that are subject to the preference in hire provision. This increased emphasis on preference-in-hiring is expected to highlight to contractors and subcontractors DOE-SR's expectation for them to hire

qualified preference-in-hire candidates whenever possible when filling open positions in their workforces.

Concurrent with the development of the local preference in hire procedure, a preference in hire “open season” was held, as many of the construction craft workers had never applied for the preference in hire benefit. In March 1999, 2,339 letters were mailed to all former SRS employees eligible for the preference in hire benefit, notifying them of a 90-day “open season” from April 1, 1999 to June 30, 1999, in which to apply for preference in hire certification. As a result, 342 applied/reapplied for preference in hire certification, 5 declined, 1,887 provided no response, and 105 letters were returned as not deliverable. Eight letters were re-mailed due to loss of the initial letter, etc. by the former employee. Prior to the “open season,” there were 68 former site employees with preference-in-hire eligibility forms on file. There are now a total of 342 on file. Although the notification letters emphasized the importance of submitting a current resume along with the application for preference in hire certification, only a little more than 50 percent have current resumes on file. Efforts are underway to obtain resumes from the remainder.

The increased emphasis on preference-in-hiring, through the “open season” and the new local procedure and reporting requirements, has already borne some positive results as 7 preference-in-hire eligible candidates were “rehired” by WSRC and 35 were hired by WSRC subcontractors during FY 1999. In addition, the preference-in-hire “open season” and the implementation of the local procedure have had a positive impact on stakeholder relations, specifically former employees and representatives of local labor unions.

II.4.16.6 Community Transition

The Savannah River Regional Diversification Initiative (SRRDI) is the CRO for the Savannah River Site and was created by Congress in November 1993. SRRDI is a not-for-profit organization run by a 22-person Board of Directors appointed by local governments, chambers of commerce, and members of the South Carolina and Georgia Congressional Delegations.

SRRDI’s overall objective is to create an environment conducive to technology-based business startups, business expansions, and to attract new ventures to the SRRDI region. Through its efforts, SRRDI helps diversify the region’s economic base; create and retain high-value, long-term private sector jobs; and transfer SRS Technologies to new and existing area firms for commercial application.

As of September 30, 1999, a total of \$47.6 million has been committed to the CRO, the SRS Operations Office, the M&O contractor, and other economic development associations. To date, \$38.2 million has been spent. A total of 6,007 jobs have been created or retained, with an additional 4,475 jobs projected by the year 2003. Exhibit II.43 on the following page provides an allocation of

Office of Worker and Community Transition

job creation and funding statistics by six economic development categories at the site between FY 1993 and September 30, 1999.

The following information provides an update on the major accomplishments of selected projects funded by the CRO:

- C *Prospect Development Program* - This contract provided \$1.8 million to Aiken County, South Carolina to acquire a facility to accommodate the training of future workers for the Bridgestone-Firestone South Carolina Corporation (BFSC). SRRDI funding for this project was instrumental in securing a commitment for BFSC to build a new .

FY 1993 through FY 1999					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Entrepreneurial Development	\$5,736,573	\$5,405,665	2,638	\$2,049	3,700
Financing Programs	\$6,104,605	\$3,616,778	1,544	\$2,342	2,764
Reuse of On Site Assets	\$658,000	\$592,090	507	\$1,168	1,255
Training	\$2,123,349	\$1,873,708	155	\$12,088	1,541
Land, Facilities, Research and Development Assistance	\$23,104,900	\$19,633,405	674	\$29,130	1,022
Planning / Program Management	\$9,895,198	\$7,081,422	489	\$14,481	200
Totals	\$47,622,625	\$38,203,068	6,007	\$6,360	10,482

Exhibit II.43 Savannah River Community Transition Funding and Job Creation

manufacturing plant in Aiken County. SRRDI also committed \$1.2 million to Aiken County to extend rail service to the BFSC site. In addition, \$200,000 in community assistance was provided directly to the EDA to administer this rail project. The BFSC project is expected to result in the creation of at least 800 new jobs by BFSC within the next four years. Aiken County has acquired the training facility that is currently being used by BFSC. BFSC has finished construction of their new \$425 million plant and has hired their first 681 full-time employees who will work in the facility.

- C *Manufacturing Technology Centers Program* -The project approved its first award in December 1997. Funding was provided in response to a joint proposal submitted by the Georgia Institute of Technology (Georgia Tech), and the University of Georgia, to expand

their technical and management assistance services to support the growth of manufacturing firms within the region.

- C *Small Business Seed and Challenge Fund Program* - SRRDI has received 82 proposals and 19 projects have been approved for funding. SRRDI has committed over \$1.2 million that has been matched by \$2.5 million in non-DOE funds provided by the project sponsors. The companies involved in this program have reported that, as a result of SRRDI's funding for their projects, 77 new jobs have been created, 2,591 existing jobs have been retained, and 1,077 persons have completed technology training programs developed with SRRDI funding support.
- C *Venture Capital Fund Program* - SRRDI has an investment commitment of \$1,350,000 in venture capital. With a \$500,000 commitment as a limited partner in a venture fund managed by Crescent Capital Adviser, Inc., Crescent Capital evaluates investment opportunities referred by SRRDI from the region. In addition, \$850,000 has been invested by SRRDI in a new in-house venture capital program. The in-house venture capital allows SRRDI to purchase preferred stock in manufacturing and technology business within the five county region. This new revenue source will assist SRRDI in sustaining its programs in the future.
- C *Small and Small Disadvantaged Business Assistance Program* - In December 1998, DOE-SR, working with the Westinghouse Savannah River Company and local minority business leaders, developed a Small and Small Disadvantaged Business Assistance Program in the counties of Aiken, Allendale, Bamberg and Barnwell. DESA, Inc. of Columbia is the contractor working with these businesses on this 2 year program. DESA is assisting small and small disadvantaged businesses in developing and writing business plans, obtaining financing, establishing expansion requirements, personnel development and placement, and responses to public and private requests for goods and services. As of September 30, 1999, the program had assisted eight firms in the provision of over \$1 million in goods and services, with 32 jobs created or saved. This sub-contract was funded with \$200,000 of section 3161 funds and an additional \$160,000 from DOE-SR.
- C In January 1999, SRS completed acquisition of the former Allied General Nuclear Services property by the Tri-County Alliance through the SRS Redevelopment Authority. The acquisition of the 1639 acres of this facility took over two and a half years of negotiations with Allied General and its partners. It involved Congressional, DOE-Headquarters, senior SR management, county officials, the state of South Carolina, and many others in completion of the deal. Issues centered on cost, decontamination and decommissioning, waste acceptance, clean-up levels, and viability. \$3 million of section 3161 funds were used to complete this acquisition.

- C Through the Asset Reuse program at the SRS, waterworks and other excess SRS equipment were sold to the towns of Williston and Jackson, SC and Augusta, GA. These items are necessary for business and residential use and expansion. In addition, during FY1999, SRS assisted 16 companies in acquiring excess property to create/expand their businesses in the region. Offering this equipment at reduced cost created over 140 jobs.

Exhibit II.44 on the following page provides a summary of all projects funded between FY 1993 and September 30, 1999.

II.4.16.7 Future of the Site

The environmental restoration program at the Site is expected to continue to grow significantly well into the new millennium as the Department continues to decontaminate and decommission nuclear facilities. Major projects are underway at the Site to clean up contaminated soils and to remove hazardous contaminants from groundwater. Future challenges include achieving consensus among key stakeholders on land use, establishing acceptance limits for residual

From FY 1993 through FY 1999					
Project Title	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Prospect Development	\$3,000,000	\$2,982,675	681	\$4,380	800
Implementation/Training	\$100,000	\$36,000	108	\$333	2,156
Business Incubators	\$200,000	\$146,633	43	\$3,410	100
Seed and Challenge Fund	\$3,154,605	\$1,067,729	3,038	\$351	2,388
Venture Capital Fund	\$1,500,000	\$1,299,049	60	\$21,651	220
Administration*	\$1,997,942	\$1,675,094	4	\$418,774	1
Planning	\$2,482,720	\$982,720	289	\$3,400	276
Scientific and Engineering	\$100,000	\$0	0	\$0	0
Proposal Development ¹	\$55,898	\$55,898	1	\$55,898	1
SRRL Subtotal	\$12,591,165	\$8,245,798	4,224	\$1,952	5,942
Savannah River Operations	\$9,740,161	\$9,316,742	931	\$10,007	1,653
Westinghouse SR Company	\$9,691,299	\$8,497,136	578	\$14,701	1,387
Tri-County Economic Development	\$3,600,000	\$3,498,785	274	\$12,769	1,500
SR Site Centers of Excellence ²	\$12,000,000	\$8,644,607	0	\$0	0
Totals	\$47,622,625	\$38,203,068	6,007	\$6,360	10,482

* Funds used for planning or administrative purposes. Job creation not intended.

Note. See Appendix G for footnote explanations.

Exhibit II.44 Savannah River Funding and Job Creation by Program

contaminants consistent with projected land use, and developing cost-effective cleanup methods. The Site is actively pursuing potential new missions. During FY 1999, Savannah River was designated for a new MOX fuel mission by the Secretary. It is hoped that work on this newly acquired mission will commence in the near future.

Although some ebb and flow of construction crafts workers is anticipated during FY 2000 due to normal project completions, given current budget projections, the Site expects to maintain basic employment stability through FY 2000. However, continuing work force planning and management most likely will surface the need for some additional internal employee reassignments to place individual employees where they are most needed as project completions and mission changes occur. It is anticipated there will be a limited amount of hiring during FY 2000, primarily in the critical skill areas, e.g., chemical and electrical engineers and information technology, and in technical nonexempt positions. All such hiring will be accomplished to maintain proper work force skill mix to maximize mission accomplishment or to backfill some percentage of normal attrition. Attrition is currently occurring at an approximate average rate of 2.5 percent of the full-time work force, or roughly 275-300 employees per year.

II.4.16.8 Accomplishments and Lessons Learned

- C During FY 1999, more frequent work force analyses have been conducted to identify skill needs and excesses. These analyses have been followed by placement meetings to best match excess skills with existing job vacancies.
- C The agreement with local technical schools to provide the certification program for certain technical non-exempt positions is expected to have several positive results for the Site, the technical schools, and the graduates of the certification program.
- C Outsourcing the EOC and 911 services, and opening the Three Rivers Landfill have been cost effective for the Site and have created job opportunities in the local community.
- C The WSRC subcontractors' hiring ratio of preference in hire and recall candidates has been excellent this year.
- C Preference in hire "open season."
- C New local preference in hire procedure, including reporting requirements.
- C Retention plan for IT professionals with critical skills for Site Y2K preparation.

Other Accomplishments:

- C Review of a concern submitted by the local International Brotherhood of Electrical Workers, and reported in the FY 1998 Annual Report, determined that better and more timely communications with local labor union representatives and construction crafts themselves concerning available job opportunities at SRS was needed. To meet this need, WSRC now posts all job openings with the South Carolina Employment Security Commission, the Georgia Department of Labor and the Aiken Technical College “One-Stop” Career Center. Moreover, when nonexempt job openings occur, notification is provided to the local labor union representatives. This is in addition to the process begun in FY 1998, wherein all construction crafts being released as part of normal ebb and flow are afforded the opportunity to apply for any WSRC job openings for which they are qualified.

Lessons Learned:

- C During FY 1998 an issue that affected the Operations Technician non-exempt seniority unit was raised. The Operations Technician Unit had evolved into a unit with very diverse jobs requiring different skills for the different jobs within the unit. Therefore, unlike other non-exempt seniority units, during a downsizing or a restructuring event, reassignments within the unit often required extensive retraining and/or restructuring of the position to accommodate a senior employee who was displacing the least senior employee from the unit. In FY 1999, this situation was corrected through reevaluation of the positions within the unit. A job evaluation by the WSRC Compensation Department determined that the majority of the positions should be re-classified and taken out of the Operations Technician unit. The positions that remain in the unit are compatible and will require minimal retraining if work force downsizing or restructuring is required in the future.
- C In implementing the new preference-in-hire procedure, it was realized that job announcements/requisitions to fill open positions tended to be too general with regard to qualification requirements. Therefore, preference-in-hire candidates were often referred for jobs even though they were not necessarily qualified. The WSRC Staffing Department is now encouraging managers to be more specific with the qualification requirements in order to reduce the number of unqualified preference-in-hire candidates being referred for open positions.
- C In FY 1998 - FY 1999, WSRC began emphasizing entry-level hiring to replace critical skills and some attrition. Entry-level hiring is effective in obtaining recent college graduates with the latest skills in their field and it also serves as a cost effective means to reduce payroll costs. For example, for each 100 entry-level (Grade 28-30) employees hired to replace existing higher

grade employees (Grade 32-34), potential savings of more than \$1 million per year are projected.

- C Minimal results from recruiting trips to other DOE sites for certified security officers indicate that potential candidates' actual interest in relocating to a different region of the country may be marginal, especially if relocation assistance is minimal and spousal job assistance is not available.

Performance Measures for FY 2000:

- C A minimum of one in-depth work force analysis will be conducted during FY 2000.
- C DOE sites undergoing reductions in force will be contacted to determine potential preference in hire candidates available for job openings at SRS.
- C Job openings will be posted in the DOE JOBBS database for all vacancies not filled with recall or local preference in hire candidates.

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